



**ORGANISATION STRATEGY REVIEW**

**BOTSWANA CONFEDERATION OF**

**COMMERCE, INDUSTRY AND**

**MANPOWER**

**April 1995**

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## **ABSTRACT**

**The Botswana Confederation of Commerce, Industry and Manpower is faced by imminent donor withdrawal which will remove the majority of its revenue. This report advises on the optimum strategic choice for the organisation and converts this into an operating plan expressed in financial terms.**

## **EXECUTIVE SUMMARY**

### **Objectives of Assignment**

Deloitte & Touche Management Consultants were appointed by BPED on 17 August 1994 to undertake an organisation strategy review of the Botswana Confederation of Commerce, Industry and Manpower. The major objective of the assignment was to recommend an optimum strategic choice for the organisation in light of the findings of the analysis.

### **Major Findings**

The following major findings were made during this assignment :

- BOCCIM is largely dependent (68% of revenue in 1994) on donor funding.
- With a shift in donor spending priorities, these funds will no longer be made available to BOCCIM as from the middle of 1996.
- Current BOCCIM activities are not self sustainable without continued donor funding
- Alternative donor funding may be available but will not affect BOCCIM's need to be self sustaining.
- BOCCIM will have to restructure itself with a view towards becoming more focused, reduce its current levels of expenditure and establish revenue generating activities in order to fund the deficit created by donor withdrawal.

### **Recommendations**

The following major recommendations are made :

1. That BOCCIM should become a chamber of commerce that focuses on advocacy and lobbying and delivers membership services on a commercialised basis.

2. That it should change its institutional structure to the extent that :
  - its Executive Council is representative of its constituencies and mandated accordingly;
  - that no special appointments are made to the Executive Council;
  - that sectoral affiliates are composed of associations serving a sectoral need;
  - that businesses not part of an association form part of regional affiliates;
  - that the creation of stand-alone regional business councils should be pursued in the longer term;
  - that Focus Groups linked to the Executive Council should be created on an ad hoc basis depending on topical issues to be addressed. Some of these Focus Groups could be standing committees as in the case of the proposed Policy Focus Group; and
  - that the Finance and Management Committee would remain as it is.
3. That the secretariat structure should be streamlined down to 14 staff members operating in 3 departments :
  - membership services;
  - finance and administration; and
  - policy and advocacy.
4. That the Training Department utilise the 'window of opportunity' prior to donor withdrawal to establish itself as a viable entity, failing which it is either eliminated as a BOCCIM activity or it is established as a stand-alone entity with the possibility of being amalgamated with other training entities.
5. That the following five corporate objectives should form the basis of implementation assistance required of the consultancy :
  - to increase BOCCIM's revenue base;
  - to reduce BOCCIM's current cost base;
  - to build the capabilities of BOCCIM staff and improve overall staff productivity;
  - to improve membership services and value for money; and
  - to strengthen BOCCIM's role as the premier private sector representative body in Botswana, being the voice of business.
6. That a two day workshop is held with BOCCIM secretariat staff and the consultants to cover the following topics:
  - Background and findings of the study;

- Agreeing the need to change;
  - Defining the end state;
  - defining the corporate objectives for BOCCIM including measures, timing and responsibilities;
  - Defining the values and behaviours required in BOCCIM to achieve the corporate objectives; and
  - Cascading the corporate objectives into the three departments in order to determine what each department can contribute to their achievement.
7. That Key Performance Areas (KPA's/Job Descriptions) are determined by the consultants for each position in consultation with incumbents and that the Director gains their commitment to the fulfilment of these objectives;
  8. That a performance management system is drawn up in consultation with the Director and his immediate reports. The performance management system will have to support the corporate objectives and the action plans developed at the workshop mentioned above;
  9. That the consultants develop a Human Resource development plan identifying possible training courses to overcome skills gaps; and
  10. That the consultants will assist the chief Accountant to draw up a revised budget in the light of agreed activities and projected revenue accruing to BOCCIM.

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## **1. INTRODUCTION**

### **1.1 Invitation to Tender**

The Botswana Private Enterprise Development Project (BPED), a USAID funded project, issued an invitation to tender for an assignment to undertake an organisation strategy review for the Botswana Confederation of Commerce, Industry and Manpower. This invitation was dated 8 July 1994. Deloitte & Touche responded to the invitation on 25 July 1994, in the form of a written proposal.

### **1.2 Terms of Reference**

The Terms of Reference issued by BPED are contained in Appendix I.

### **1.3 Contractual Arrangements**

On 17 August 1994, BPED indicated that Deloitte & Touche had been selected to conduct the assignment. The consultancy duly commenced on Monday 19 September 1994.

## **2. BACKGROUND**

### **2.1 BOCCIM in Botswana**

BOCCIM is registered in Botswana as a private non-profit organisation under the Trade Unions and Employers' Organisation Act of 1983. It has a membership of approximately 1 237 businesses. The historical development of the organisation reflects its roots as an employer's body, representing its members specifically on issues such as industrial relations. To a large extent, this role is still reflected in current BOCCIM activities which include industrial relations advice and information. However, the organisation has moved more towards the role of a chamber of commerce.

BOCCIM has also had significant involvement with donor agencies who have focused on capacity building and the development of small and medium enterprises. In particular, current training activities, small business assistance and policy development have been funded by donor agencies.

A review of BOCCIM's constitution reveals that inasmuch as the objects of the organisation are concerned, it has a wide area of focus covering issues such as:

- the promotion and acceleration of private sector investments and developments through research, advice and dialogue at a policy level;
- the enhancement of a competent, productive and entrepreneurial workforce through education, training and improved labour relations;
- the provision of products and services for members that will foster business development;
- the promotion, improvement and encouragement of the development of commerce, industry and manpower;
- the promotion of the general business interests of its members;
- the maintenance of good labour relations and fair conditions of employment for both employers and employees; and
- to advise and share information with members on all aspects which may affect their interests.

In conclusion, BOCCIM has set for itself the role of promoting, improving and encouraging the competitive development of commerce, industry and manpower resources in Botswana. Consequently it has committed itself to advancing the interests of its members, which includes businesses of every size, through advocacy and the provision of services such as training, research and business counselling.

## 2.2 Forces for Change

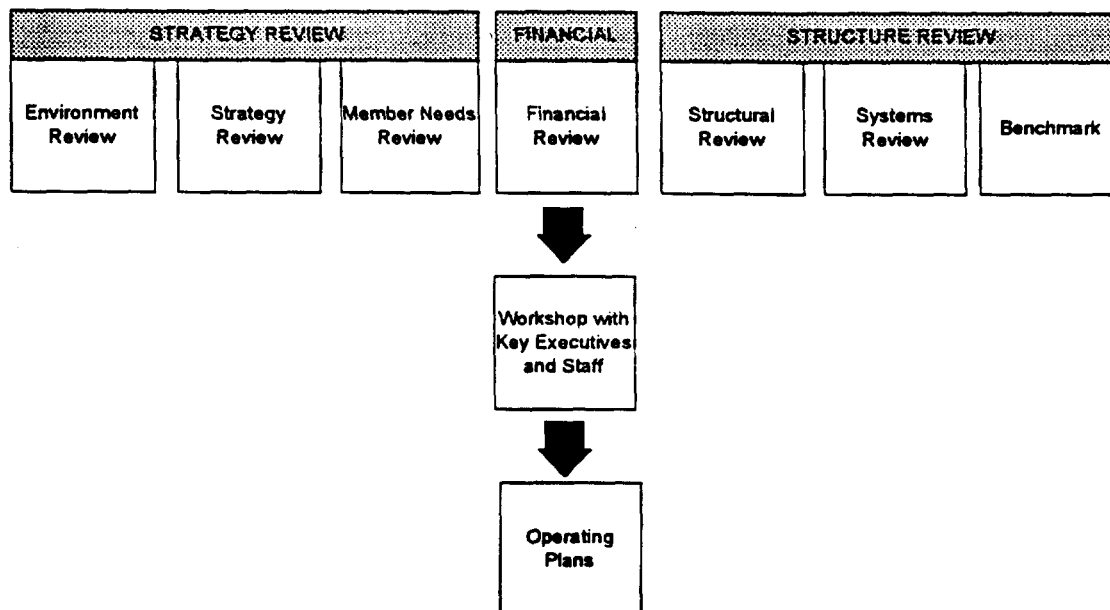
There appear to be two primary forces creating the imperative to re-evaluate the current BOCCIM strategy. First, current donor funding is being withdrawn and this will have a dramatic effect on BOCCIM revenues to the extent that some 50% of these will disappear. Second, the organisation has grown rapidly over the last ten years and much of this growth can be attributed to donor funding support. Of importance is the fact that much of the current capacity within BOCCIM, both human and financial, exists directly as a result of donor funding. The removal of donor funding means that the organisation must re-define its role within the constraints which will arise with the withdrawal of donor funding. In particular, the organisation needs to identify ways of both reducing its costs while at the same time identifying ways of increasing its revenues.

### 3. METHODOLOGY

#### 3.1 Overall Methodology

The consultants outlined an approach in their proposal which was accepted by BOCCIM. The approach required the consultants to spend dedicated time in Botswana reviewing a number of factors within BOCCIM. Broadly, these included a review of the organisation's environment covering issues such as competitors, sectoral constraints and socio economic factors and a review of an industrial sector survey conducted by an outside consultancy; a financial review; and a structural review covering issues such as the operating structure and human resource policies and procedures. The approach outlined by the consultants is contained in Figure 3.1 below:

Figure 3.1: Methodology



#### 3.2 Consulting Process

The consultants spent three weeks at BOCCIM following the methodology outlined above, covering the review of the strategy, structure and financials. The consulting process included interviews and desk research. This analysis was then synthesised in preparation

for a two day workshop with Executive Council members and key staff. A list of persons interviewed and a list of workshop attendees are contained in Appendices 2 and 3.

### **3.3 Workshop Facilitation**

The workshop, originally planned for 6 and 7 October 1994 was postponed due to the unavailability of key Executive Council members. The workshop was rescheduled for the 25 and 26 October 1994. Regrettably the workshop was subsequently aborted on the first day when it became clear that Executive Council members present felt that they were unable to make binding decisions about BOCCIM's future without a greater number of their Executive Council colleagues present.

A further attempt was made to arrange the workshop and Deloitte & Touche drew up a sample letter for BOCCIM to highlight the importance of and hence need for Executive Council members to attend the workshop. The workshop was rescheduled for 2/3/4 December 1994 but was once again postponed due to the unavailability of key members. It was finally scheduled and held on 21 and 22 January 1995 in Francistown.

The intention of this workshop was to elicit the views of the Executive Council in order to determine the future role of BOCCIM in Botswana. As such, the purpose of the workshop was to formulate a corporate strategy for the organisation. In particular, seven key objectives were set and agreed to at the outset of the workshop. These were:

- To define and agree the problem facing BOCCIM;
- To gain agreement on the outputs of the workshop;
- To define the building blocks for the 'new' BOCCIM;
- To define and prioritise stakeholders and their needs;
- To re-define the role that BOCCIM should play in Botswana;
- To evaluate current and potential services; and
- To set measurable objectives for the organisation.



Regrettably this workshop did not achieve the intended objectives as set out above. Executive Council members indicated that without a detailed analysis of the organisation they were unable to set broad policy guidelines within which the operating plan could be developed. As a result, the Executive withdrew from the workshop on the Sunday morning and the workshop proceeded with the Deputy Director, other invited staff, USAID staff and BPED policy advisors. It was agreed that a draft report containing the consultants' recommendations would be workshopped with the Director, Deputy Director and Financial Accountant before submission to the Finance and Management Committee. A workshop was held on Friday 31 March 1995 with the Reference Group to review a Final Draft Document. This document therefore reflects the deliberations and agreements reached at this workshop.

It is the intention that this document will be presented to the Finance and Management Committee prior to being tabled before the Executive Council.

Certain agreements were reached with the Executive Council members at the workshops. These are outlined below:

### **3.4 Criteria**

The two workshops held identified the critical need for decisions on the future of BOCCIM to be made within clear guidelines and parameters. To this end, it was agreed that a set of criteria should be developed to assist those members present at the workshop to evaluate the decisions which would be made. These parameters would then be used by the consultants in order to measure their recommendations to the executive.

A set of criteria therefore was developed to assist workshop attendees to determine which core services should be provided by the organisation. The agreed criteria were:

- Will the activity enhance BOCCIM's financial sustainability?
- Will the activity meet member needs?

- Will the activity improve BOCCIM's acceptability with Government?
- Does BOCCIM have the in-house capability to undertake the activity?
- Does the activity contribute to private sector development in Botswana?

### 3.5 BOCCIM's Mission

The following mission statement was accepted by those present at the workshop. It is important that this mission be seen as a critical definition of the role which it is intended that BOCCIM should play in Botswana. The agreed mission statement is set out below:

*BOCCIM is an independent representative private sector organisation.*

*Its mission is to promote the sustained development of the private sector in Botswana. BOCCIM will accomplish this mission through credible representation of the views of its members to the Botswana Government and other relevant bodies in an advocacy and advisory capacity and through the provision of support services to its members and the business community generally on a financially viable basis.*

### 3.6 Other Key Agreements

The following other key agreements were reached at the Francistown workshop:

- BOCCIM as an organisation would continue and every effort would be made to ensure the organisation's viability;
- BOCCIM should be membership based and driven;
- BOCCIM should focus on representation of its members needs - hence a major focus on advocacy and lobbying;
- BOCCIM should focus primarily on the private sector in terms of its activities;
- In order to manage costs, alternative premises for rental could be identified;
- A drive to recruit new members could and should be undertaken in order to boost the subscription revenues;

- Subscription revenues should not be increased over and above the budgeted-for 1995 increases;
- The concept of redundancies was acceptable if staff could not be effectively re-deployed within the organisation;
- Where possible, existing BOCCIM skills would be utilised before any external staff would be recruited to boost critical positions; and
- Parastatals could however continue to be members and their needs would be catered for as best as possible, notwithstanding the fundamental difference with the private sector.

The Francistown workshop identified six words to encapsulate the role which BOCCIM should play in Botswana recognising the financial constraints which should apply. These six words are outlined below:

- **Advocacy** - The organisation should undergo a major shift in emphasis and concentrate to a larger extent on advocacy. Essentially, advocacy and lobbying are the act of promoting for or supporting a view expressed by an entity or entities who the organisation represents. This would typically be at the policy level in dialogue with the Government or other groups. Thus, the promotion of the private sector's concerns, initiatives or requirements would form the major focus of the organisation. An anomaly does however exist in that members are currently drawn from both the public and private sectors, most unusual for organisations similar to BOCCIM.
- **Advisory** - BOCCIM would typically react to requests from the Government, members or the business community for advice and input. However, this should be strictly within the ambit of the stated intention of the organisation as outlined in the newly developed mission statement.

- **Forum** - By virtue of the nature of BOCCIM, it creates a forum, where input on issues is obtained which form the basis of its advocacy role. In addition, this/these forum(s) should allow for sector specific information sharing and discussion, or private sector discussions in general. All of these forums should be focused on interaction with Government and other bodies in order to get decisions made in the best interests of members and hence of the private sector.
- **Information** - The organisation should also be a source of public information for potential local and international investors. If the organisation does not specifically have the information on hand, it should act as a reference point in order to facilitate the access to the information at other sources.
- **Services** - BOCCIM should deliver services to its membership that not only meet their needs in terms of the stated mission statement, but also give them returns on their membership fee.

The characteristics outlined above are accepted at the policy level of the organisation and outline the role that BOCCIM should be playing in Botswana. Specific activities however need to be carefully thought through both in relation to the mission of the organisation as well as within the constraints imposed by the loss of donor funding and current limitations on income.

## 4. MAJOR FINDINGS

This section highlights the major findings of the three weeks in which the consultants reviewed BOCCIM and the environment in which it operates. These findings create a framework for the recommendations contained in Section 6.

The findings contained in this section reflect the consulting process undertaken by the consultancy.

### 4.1 Strategy Review

Deloitte & Touche undertook a strategy review in order to analyse three key issues. First, we broadly reviewed the environment within which BOCCIM operates. This analysis focused on the economic development which has taken place in Botswana and what future economic developments are expected. These are important issues to consider when analysing the role that BOCCIM should be playing in Botswana. This section also analysed BOCCIM's competitors with a view towards identifying possible threats or opportunities emanating from this quarter.

Second, we reviewed BOCCIM's current role, strategies, services and stakeholders as a basis for determining how future strategies might need to be developed.

Third, we reviewed an industrial sector survey undertaken by the organisation in order to determine the needs of the current membership.

#### 4.1.1 *Environmental Review*

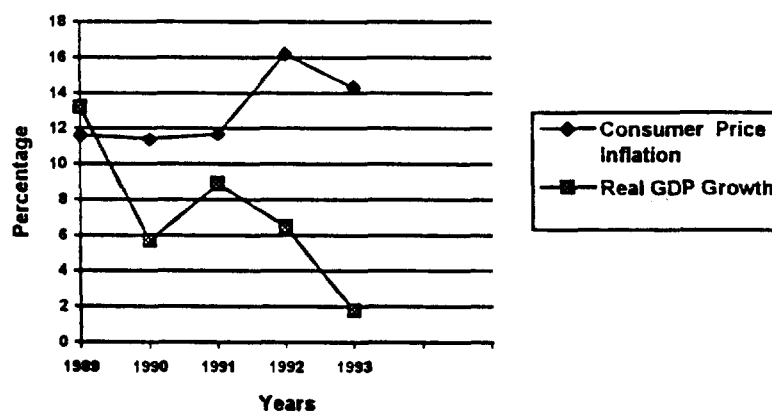
##### Macro Economic Development in Botswana

During the 1960's Botswana was one of Africa's poorest countries. Subsequent to independence in 1966, it has grown to become one of the continent's most prosperous. Today Botswana's 1.4 million people are relatively well off in comparison to other African

countries. The prolonged boom has been largely due to a growing international diamond market.

Political stability and sensible economic policies aimed at rapid social and infrastructural development financed by diamond revenues have played a major role in the development of the country. During the last decade, annual growth has averaged above 10% and the country has accumulated one of the world's highest level of foreign reserves relative to foreign imports. A review of GDP growth percentage and the consumer price inflation percentage is contained in figure 4.1 below:

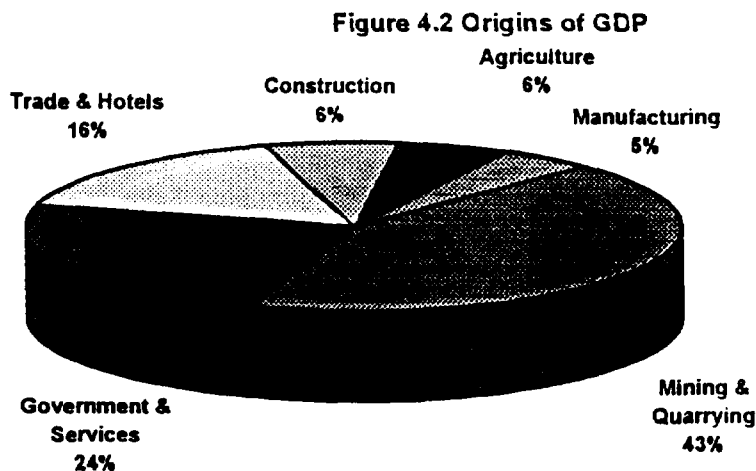
**Figure 4.1: GDP Growth & Consumer Price Inflation**



Source: EIU Country report, 1994

Figure 4.1 reflects two key aspects of the Botswana economy. There has been a decline in real terms of GDP growth over the period under review and consumer price inflation, which peaked at 17% in 1992, has begun to moderate and is currently at approximately 10%. It is expected that inflation in Botswana will closely mirror inflation levels in South Africa.

A review of the origins of GDP reflects that the country is heavily reliant on mining and quarrying (43%) with diamond exports constituting some 79% of this figure. This situation is captured below in figure 4.2:



Source: EIU Country Report, 1994

In conclusion, the environment within which BOCCIM operates has changed significantly over the last few years:

- Economic growth declined in real terms in the period under review;
- Inflation increased significantly in 1992 and could become an issue in the future;
- There is a need to diversify the economy to reduce the reliance on diamond revenues; and
- The issue of Botswana's international competitiveness assumes greater importance in the light of regional political changes in South Africa. In particular it appears that donor agencies are reassessing their priorities and that they will redirect their activities towards South Africa thus reducing their commitments to Botswana. The opening up of South Africa will have an impact on the Botswana private sector arising from such things as the impact of the re-negotiation of the SACU treaty, skills loss through the migration to South Africa and reduced foreign investment.

These broad macro economic trends will require BOCCIM to adapt to the changing needs of members in its role as a private sector representative body.

### Future Economic Scenarios

Botswana is reliant on diamond mining and largely dependent on international and regional economic developments over which it has little control. The next decade is crucial in Botswana as attempts are made to develop the economy away from diamond-led growth to a more diversified and sustainable economic structure.

Current economic policy is carried out in accordance with a system of National Development Plans. The current plan, NDP7 is the seventh, and covers the period 1991 to 1997 defining spending priorities and limits. The challenges posed by NDP7 were to sustain the gains made since 1966 through productive employment for the mass of the population and the distribution of the benefits of development. A mid-term review has been undertaken which will form the basis for the development of NDP8. The final formulation of NDP8 and the priorities it sets should have a significant impact on BOCCIM's strategy and operations.

### Competitors

At present, BOCCIM is the only private sector representative body of its kind in Botswana. However, there are several other organisations which can be classified as competitors. They are described in Table 4.2 below.



Table 4.2: Competitor Review		
Competitor	Extent of Threat	Rating
BCCI	Currently a small player with apparent ministerial support with potential German funding	
SEPROT	Focuses solely on small business with limited funding (Fredrich Ebert)	
Own Members	Niche competitors	
Various Associations (now BOCCIM members)	Niche competitors	
Informal Sector	Focusing on sector previously ignored by BOCCIM	

Source: Interviews

#### KEY

Major Threat	Medium Threat	Minor Threat

The major threat to BOCCIM appears to arise from the Botswana Chamber of Commerce and Industry (BCCI). *The Reporter* newspaper reported in December 1994 that BCCI had secured DM3 million in donor funding from the German Government in order to set up its secretariat. In addition to this, it was reported that the Botswana Government would contribute P300 000 towards the running of the office. However, it is uncertain whether or not this project will proceed given the German Government's stated intention of making funds available to Governments as opposed to organisations such as BCCI.

BCCI was registered in 1988. It is an advocacy organisation representing small and medium sized businesses. Some feel that the credibility enjoyed by BOCCIM in Botswana is based on the fact that it has Government support. This support is reinforced by BOCCIM's membership base which includes small, medium and large business. Interviews with selected Government employees indicated that BCCI had increasing support from the Government and this could negatively impact the role and standing of BOCCIM within the country as the only private sector business representative body.

Our interviews with large business indicated that there appeared to be a general feeling that BOCCIM did not really offer any advantages to this sector. This view appeared to be based on the fact that many of these organisations were already in direct dialogue with Government and did not need BOCCIM to perform this role. By way of example, Debswana is a joint venture company between Anglo American Corporation and the Government. To this end, any issues which affect the business are raised directly with the joint venture partner (the Government) without the need for BOCCIM representation.

The major threat for BOCCIM is that its role becomes negated by BCCI who focuses on small and medium sized organisations on the one hand, and by large business having direct dialogue with the Government on the other. BOCCIM has various advantages over BCCI especially in the form of higher visibility, acceptability and membership base. Two options exist for BOCCIM with regard to BCCI. Either the organisation could be ignored, or it could be absorbed into the organisation.

SEPROT (Small Enterprise Promotion Trust) is an umbrella group helping to facilitate the activities of its members. It was established in 1993 made up of representatives of thirty - five small business organisations and is specially geared for small business promotion and development. It is funded by the Frederick Ebert Foundation from Germany but does have limited resources. It has, nevertheless, been able to bring small business concerns under one roof and appears to have the ability to run and sustain itself. Its representative has indicated that affiliation to BOCCIM could be an option. There could be merit in an affiliation between BOCCIM and SEPROT with BOCCIM taking over a facilitation role and SEPROT operating as a sector or trade association focusing on small business needs and services. If SEPROT agrees to an affiliation, it would remove the threat.

#### *4.1.2 BOCCIM Strategy Review*

##### Role in Botswana

An overriding conclusion reached when reviewing BOCCIM's role is that its strategy was not well defined and that this has led to a situation where it is attempting to be 'all things to

all people". By way of example, it is somewhat of an anomaly that BOCCIM purports to be a private sector representative body and yet it has a strong parastatal membership.

In addition, it receives membership fees from its members and by implication it needs to meet the needs of its members. However, it also receives significant funding from donors and, whilst these services mostly serve the interests of members, BOCCIM's focus could be diluted by the demands of donors. Potential conflict could arise with the allocation of resources or simply with the time taken to attend to manage donor involvement.

An additional example of potential role confusion rests with the makeup of the membership base in terms of the varying and different needs of small, medium and large businesses. This conflict is outlined in greater detail in the section on stakeholders.

Finally, the history of BOCCIM as an employer's federation and as a Chamber of Commerce also leads to role clarity problems in light of the fact that it is unclear which of these two take preference.

These issues have been raised to highlight the need for a more focused definition of BOCCIM's role. This is especially important when conflicting demands are made on the organisation and priorities need to be determined in order to deal with these demands. It is especially important that role clarity is established when there are budgetary constraints on the organisation with the imminent withdrawal of donor funds.

### Current Strategy

BOCCIM operates as an independent national body representing business interests and values. BOCCIM's purpose is:

- to represent private sector views to Government;
- to provide pertinent information and assistance to its members;
- to promote private sector interests; and
- to promote dialogue with employee organisations and to strive for healthy employee/employer relations.

In order to achieve this, BOCCIM has structured itself along sectoral group lines, with 18 sectoral groups. Its membership is open to all firms within the sectors, with the exception of the micro "informal" firms, unless these have been formed into associations.

Finally, BOCCIM's functions which assist it to achieve the chosen strategy include:

- Broad Advocacy;
- Narrow Advocacy;
- Member Information;
- Member Services including industrial relations;
- Sectoral Associations;
- Small Business Development;
- Skills Training;
- Foreign Investor Services; and
- Fund Raising and Revenue Generating Services.

The rest of this report analyses the effectiveness of BOCCIM at achieving the strategy outlined above.

#### Review of Current Services and Benefits

The organisation strategy review revealed that a key constraint to the future development and effective operation of BOCCIM is its inability to render services that are attuned to members' needs. Interviews conducted during the course of the assignment supported the view that services were not meeting members' needs.

An exercise undertaken on behalf of BOCCIM to benchmark similar organisations that were not donor-funded and yet successful through being membership-driven, and a study on 'The Role of Small Business Membership Organisations in Small Enterprise Development' by the Overseas Development Administration (ODA) in June 1994, highlight the following key statements on success or failure in similar organisations. Common themes for success included:

- Focus on the needs of constituent members;
- Achieve financial sustainability through well-resourced services;
- Well-trained personnel should attend to membership needs; and
- Stick to what the organisation knows and does best.

Common themes for failure include:

- Poor communication with membership;
- Lack of membership benefits;
- Lack of broadly-based funding; and
- Not 'minding the store'.

The consultancy reviewed the current services offered to members by BOCCIM. This was undertaken by an extensive interview programme designed not only to review the services from the organisation's perspective, but also to discuss the services with the beneficiaries of the services.

The findings of these interviews are captured in the table below. The table has been set out in such a way that it describes some of the pertinent comments made by members on their impressions of the services and includes observations by the consulting team. The findings and commentary are in summary form only but do give the reader insight into some of the issues facing BOCCIM in terms of membership services. It should be noted that these findings are presented not only to offer an objective finding arising from the interviews undertaken by the consultants, but to also create the framework for change.

**Table 4.3: CURRENT MEMBERSHIP SERVICES (As Advertised)**

Type of Service	Members' Impressions	Comments
1. Training Courses	Important to small business but not always well focused Well utilised by members	Dependent on donor funding Insufficient capacity
2. Industrial Relations Assistance	Important to smaller businesses in the light of increased trade union activity Large businesses employ their own resources	Key IR person has left Takes up enormous time of busy management
3. Short Term Insurance	An inexpensive scheme geared towards small business that needs greater publicity	Only 10 members registered Not widely sold to larger businesses although this is not the target market. This is a potential market
4. Newsletter and Business Bulletins	Complaints of poor distribution	Generates a 25% return 1500 copies free to membership
5. Dinners	Expensive for small business people although good speakers are the attraction Does not always engender the interest of members	Runs at a loss Has little or no benefit to members
6. B-Map - Counselling	A common requirement not catered for is financial assistance and it remains a key issue It appears that no distinction is made between members and non-members Effectiveness of counselling questioned	Dependent on donor funding Apathy increasing amongst clients Needs far outweigh budget
7. Policy Papers/Advocacy on Economic Issues	Small businesses do not relate to them ERU's activities not always clear Limited successes so far - foreign exchange control paper is the best known	ERU has needed time to develop Dependent on donor funding Not financially viable or sustainable

Type of Service	Members' Impressions	Comments
8. Small Business Assistance	Need to question support from head office Some schemes are still in the pipeline and benefits are not as yet apparent Problems of communication	Number of small business members has declined and arrears are higher
9. Business Councils - Networking	Only two are operative with meetings generally poorly attended	The system has not taken off
10. Supporting Women in Business	WIBA not operative	Nil
11. Scholarships	Very well received - 400 per annum	Dependent on donor funding
12. Promoting Botswana Business	Complaints of bias towards expatriates	Membership has declined
13. Private Sector Conferences	The recent ones have made some landmark decisions Profile and visibility has increased	Strong relationship built up with Government
14. Sector Groups Interaction	Limited involvement except at attendance at Executive Council meetings	Sector groups need BOCCIM only for advocacy and yet benefit is limited
15. Interaction with Government	Recently BOCCIM's profile has increased Government looks to BOCCIM for counsel Parastatals' presence lends credibility	High powered joint committee formed with Government
16. Export Assistance	Not utilised by members BOCCIM only plays an advocacy role	This is a key area for the diversification of the Botswana economy
17. Assisting the Construction Industry	Only in the one instance where concern was expressed over vested interests	Potential opportunities created for indigenous people in a sector dominated by expatriates.

Before making recommendations on the types of services that BOCCIM would need to develop, the following key statements need to be made in relation to the findings outlined above:

- there is no department especially defined or established to co-ordinate services to members;
- benefits have not been clearly defined and to a large extent, have not been 'sold' to members. This has led to apathy amongst members and an inability to relate to the benefits gained in belonging to BOCCIM;
- those existing services that appeared to be of some value, have had limited benefits attached to them;
- there is a lack of clearly defined membership needs that would need to be 'married' to the services offered and enhance the benefits derived therefrom; and
- certain services have not been well researched before being implemented.

### Stakeholder Review

A review of the stakeholders and their needs was undertaken at the Francistown workshop in order to establish the role which BOCCIM should play in Botswana. It was agreed that broadly any organisation has five stakeholder groups, being shareholders, suppliers, customers, employees and communities. Within each one of these groupings, there are numerous stakeholders and the delegates at the workshop identified their needs as outlined below.

### *Government*

It was identified that Government requires the private sector to have a representative body with whom they can enter into dialogue. To this end, the private sector representative should be well placed to represent its members views on issues pertinent to them at both an advocacy and lobbying level. However it was pointed out during our stakeholder interviews that there were elements within Government circles who were not necessarily well disposed towards BOCCIM and would prefer to not have any body representing the private sector.



### ***Employees***

Staff desire to become active in the affairs of BOCCIM and adequately rewarded for their contribution to the organisation. In addition, they require that they obtain job security and satisfaction, career growth and development, and that there are clear lines of responsibility within the organisation.

### ***Donors***

Donors have historically been an important stakeholder grouping. Their objectives have been to assist Government to spur economic development. Donors require that BOCCIM should be accountable for the usage of funds, that there is a contribution to the establishment of a sustainable institution which has had its capacity enhanced through its association with donors, and that there is recognition of the role that donors have played within these organisations. Perhaps one of the key requirements by donors is that the organisation successfully implements the programmes for which money has been made available.

### ***Parastatals***

Parastatals, through their membership of and involvement in BOCCIM have the opportunity to participate with the private sector. In addition, their requirements include the possible identification of appropriately qualified individuals to serve on their boards.

### ***Public Non-members***

These stakeholders look to BOCCIM for information regarding the private sector. In addition, the workshop felt that they also require BOCCIM to enforce ethics, standards and a code of conduct among members.

### *Regional Chambers of Commerce*

Regional Chambers of Commerce typically seek information from BOCCIM on issues related to their activities or on behalf of their membership. Thus an exchange of information could include trade and investment information, or ideas on operations of chambers of commerce. In addition, these stakeholders often require co-operation and collaboration on issues of mutual interest.

### *Suppliers of Goods and Services*

Typically these stakeholders require BOCCIM to pay them for their goods and services on time and to be a continuing source of revenue.

### *Members*

It was agreed that the needs of membership varied widely and that a distinction could be made between large, medium and small members. To this end a matrix diagram was constructed in order to capture the major requirements of members:

Table 4.4: Membership requirements of BOCCIM			
Service	Large	Medium	Small
Advocacy	X	X	X
Dealing with Government bureaucracy		X	X
Industrial Relations		X	X
Training		X	X
Information	X	X	X
Intermediation between large, medium and small members		X	X
Forum for industry dialogue	X	X	X

It should be noted at this stage that the requirements for the members indicate that the current services offered are to a large extent focused on small and medium sized businesses and not necessarily on large business. This creates some of the tensions between these constituent organisations when it is considered that large businesses account for the bulk of the membership revenue derived by BOCCIM.

### 4.1.3 Membership Survey

It was proposed that the consultants conduct a membership survey as part of the consultancy. However, BOCCIM felt that too many member surveys had been conducted immediately prior to the consultancy and that the recently completed industrial sector survey at the start of the consultancy should be used as the basis for analysing membership needs.

The survey undertaken by BOCCIM formed part of a general industry survey. As such four questions related to the services offered by BOCCIM. These were what services had been used by the member during the past year, which services should be discontinued, which new services should be offered and any other comments that respondents wished to make. It has been difficult to interpret the results given that the format in which they were presented to us included a clustering of large and medium sized businesses.

In summary the results of the survey are captured in the table below:

Table 4.5: Analysis of Industrial Sector Survey		
Issue	Number	Percentage of Respondents
<i>Total Number of Respondents</i>		
Small Business (83 were BOCCIM members)	111	69%
Medium and Large Business (44 were BOCCIM members)	50	31%
<i>Key Services used in the past</i>		
<b>Small Business</b>		
Newsletter	29	26.1%
Training Courses	18	16.2%
All others were below 10%		
<b>Medium and Large Business</b>		
Training Courses	23	46%
Newsletters	19	38%
Workshops/Seminars	9	18%
Meetings with members	9	18%
Labour relations assistance	8	16%
Representation to Government	7	14%
Scholarships	7	14%
Northern Trade Fair	5	10%
Annual Dinners	5	10%
Francistown Conference	5	10%
All other services were below 10%		

Source: BOCCIM Industry Survey

It is difficult to match these findings to BOCCIM membership needs for the following reasons:

- Of the 161 respondents, 127 are members and 34 non members, and
- The data was not categorised according to members and non members.

In addition, it is interesting to note that these findings contradict the interviews undertaken by the consultancy with members, sector heads and BOCCIM employees and advisors. In addition, the results also contradict some of the views expressed by delegates at the Francistown workshop. Some delegates at the Francistown workshop questioned the results of the survey and concerns included:

- the sampling techniques used and the representativeness of the sample; and
- a lack of clarity in respect of those who responded and the extent to which this skewed the results.

The results of the survey appear to indicate that medium and large firms are heavier users of BOCCIM's services than the small firms. The survey also indicates training and newsletters are utilised by all members each representing 25% of respondents.

Interesting features drawn from the survey are:

- Only 1 respondent in all utilised assistance from the secretariat (0.6%);
- Only 4 respondents in all utilised B-Map counselling (2.5%); and
- Only 5 respondents in all utilised small business insurance (3.1%).

By implication, it is important to question the need for these services given the poor utilisation.

The determination of membership needs is critical to the success of BOCCIM as it determines the need to be satisfied, the services to be offered and the geographical area and technology needed to meet these needs. It is suggested that the survey results are not all encompassing enough to make an informed decision of which services the organisation

should continue to offer. To this end BOCCIM should re-draft the survey questionnaire to elicit more appropriate information which can be used for more detailed planning around services.

## **4.2 Structure Review**

It is common cause that an organisation's structure should follow its chosen strategy. In addition, an organisation's structure can either facilitate or inhibit the achievement of the objectives contained in its strategy. It was with these issues in mind that we reviewed BOCCIM's structure.

### *4.2.1 BOCCIM Structure*

It is important to indicate that we differentiate between BOCCIM's institutional and secretariat structures. Our review deals with each structure separately.

#### Institutional Structure

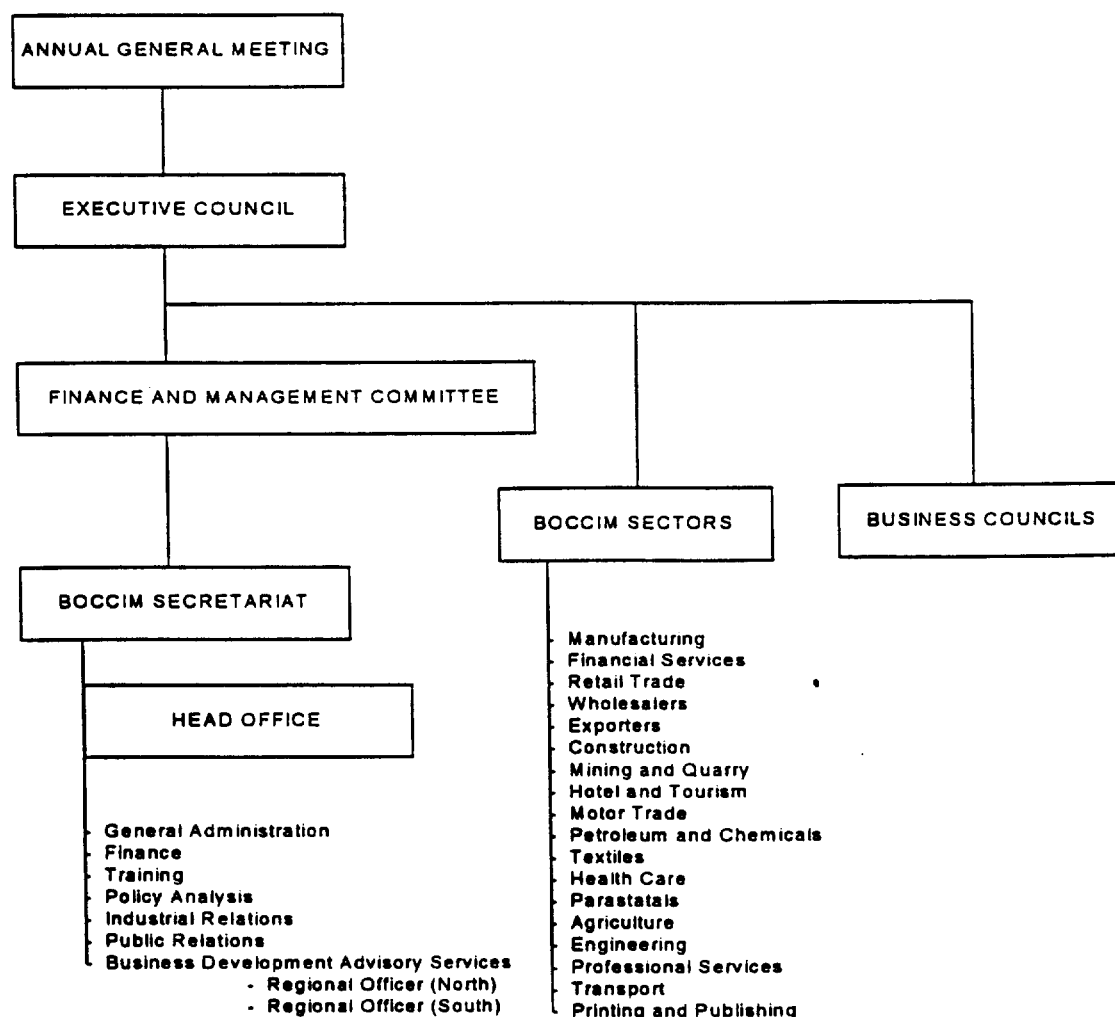
The current institutional structure is headed by an executive council made up of elected office bearers in the form of a president and two deputy presidents, heads of sectoral committees, totalling eighteen currently, and a secretariat represented by the director and his deputy. This executive council draws its authority and power from the annual general meeting of members held once a year. The executive has attached to it a number of Business Councils of which two are presently operative. These Business Councils address regional issues and currently appear to be operating independently of the executive council with no clear reporting line or mandate. It is interesting to note that at the first workshop at the Gaborone Sun for example, a number of Executive Council members were even unaware of the existence of Business Councils.

A Finance and Management Committee has the authority to become more involved in the day to day functioning of the secretariat and as such has assumed a more operational focus. This committee deals with decisions taken by the Executive Council and it is composed of the president, his deputies, two additional Executive Council members, the director and his

deputy and the chief accountant. This committee does not take decisions on issues requiring mandating but fulfils a facilitating role within BOCCIM.

The secretariat is the operating arm of the Finance and Management Committee and of BOCCIM. It is headed by the director and his deputy and they are responsible for the overall administration of the office. A communication link exists between the secretariat and the sectors, and other committees address the separate issues of small business, policy, training and B-Map. Within the administration there is a Policy Unit, a Financial Administration Department, a Public Relations Office, a number of advisers, a small business section and Training Department. Linked to the office are the two outreach offices and B-Map. The organisational structure is as follows:

**Figure 4.3: BOCCIM Institutional Structure**



The current structure, however, has led to problems in terms of effective and efficient delivery and meeting the demands of the membership. These problems can be listed as follows:

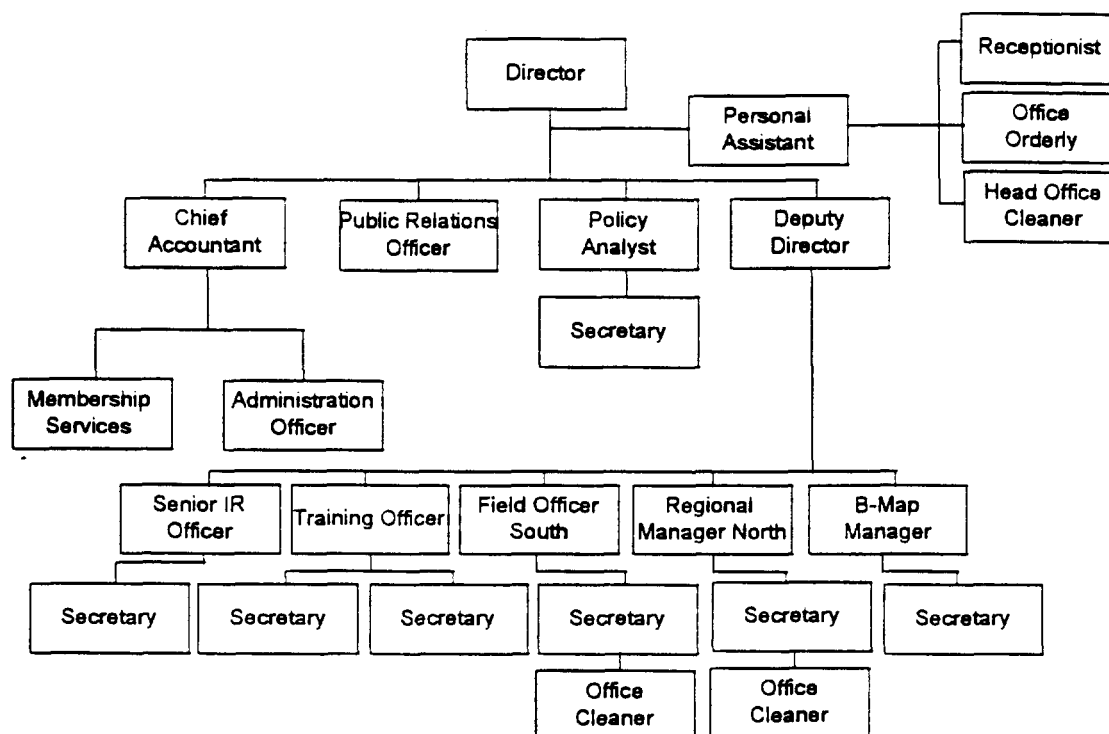
- An Executive Council that has protracted meetings dealing with management issues rather than issues of policy;
- Regional business councils that are inoperative without an effective link to or mandate from the Executive Council;
- A small business focus not accommodated on the Executive Council but through a committee acting independently;
- Outreach offices funded by the secretariat but having weak reporting lines and relatively ineffective delivery of services;
- A secretariat attempting to be ‘all things to all people’ with a lack of depth in terms of skills; and
- Sectoral affiliates that are in the main inoperative and do not add value to the organisation’s role.

All of these well-intended initiatives have broken down into an unstructured and ineffective delivery system that, following on our recommendations in a number of areas, we propose that a new format be developed for effective delivery.

### Review of Secretariat Structure

The secretariat structure is represented in figure 4.5 below. The diagram has been adapted from information provided to the consultancy by BOCCIM. It should be pointed out that this structure has changed in the interim in that certain staff have left. In addition, the following points need to be taken into account:

**Figure 4.4: BOCCIM Secretariat Structure**



- The Industrial Relations position is vacant given that the incumbent left the organisation and no replacement has been found. The Director, Deputy Director, the Public Relations Officer and the Regional Manager North currently carry out this function;
- The Personal Assistant is shared by the Director and Deputy Director;
- The Public Relations Officer shares a secretary with the Industrial Relations position; and
- Dotted lines exist between the Deputy Director and the Chief Accountant, Public Relations Officer and the Policy Analyst indicating an indirect relationship of a consultative nature.

In reviewing this structure, our major findings in terms of the various functions depicted were:



## ***B-Map***

B-Map was established to provide managerial expertise, drawn from the corporate sector, to existing and emerging small entrepreneurs. This created an opportunity to develop new business ideas and gain knowledge on administrative, marketing and technical issues. The programme is presently funded by BPED to cover administrative costs and partly by large companies to cover counselling costs. There are presently financial constraints to the effective functioning of B-Map and without donor funding the programme would cease to exist. Added to these constraints is the fact that counsellors have discovered an increased level of apathy amongst clients in that many do not attend their counselling sessions. Another predicament is that of sourcing skilled and committed volunteers to participate as counsellors. Although the number of clients has increased from twenty-nine in 1990 to one hundred and seventy one in 1994, the B-Map office was unable to give feedback on the number of success stories or the level of impact as they were awaiting responses to a questionnaire in this regard. Very little information was, however, kept on jobs performed prior to 1994. A key observation is that no distinction is made between members and non-members in respect of the payment for services and the P50 charged per client amounts to only P3000 in a given year. Income from the corporate sector amounted to P13 000 and BPED contributed P28 000.

The B-Map manager appears to be qualified for the demands of the job, but the constraints within which he operates appear to have increased his level of apathy and commitment to the tasks which he should perform. In addition, the lack of support which he receives from head office engenders poor communication and fall-off in activity. A B-Map committee was established to lend their support to the B-Map manager and his efforts in terms of identifying volunteers and fund-raising, but it appears little success has been achieved.

The B-Map manager appeared to have very little contact with the head office and our research showed that there was one period where he had virtually no contact with head office for three months. There does appear to be a keenness to increase clientele and to bolster resources but we were concerned about the current low levels of innovation and his reliance on head office for handouts. Some progress has been made in assisting clients with

the Government's Financial Assistance Programme (FAP) but concerns have been expressed about accessibility to this programme by most small businesses.

In conclusion, it was of concern to the consultancy that a well intended programme with a distinct focus on small business development has to face issues of capacity, a fall-off in funding and apathy in a very testing environment.

### *Policy Unit*

The Policy Unit is a department within BOCCIM, established in 1993, which assists in the policy formulation of the organisation. The current incumbent who heads up the department has been seconded from the Bank of Botswana and her employment costs are covered by BOCCIM (25%) and BPED (75%). It is clear that with the imminent withdrawal of donor funds, and the current lack of funds generated by this department, it is not self sustaining. The unit has a sub-unit, the Economic Research Unit (ERU) which supports policy development activities.

A review of the Policy Unit reveals that a number of activities were undertaken over the last year, but the optimum output of the unit was not achieved. A view expressed to the consultancy indicated that part of the problem of a lack of output has been caused by a lack of staff. It appears that an indication was given that staff would be recruited into the unit, but this has not occurred. The current incumbent feels that there is no one to delegate work to.

The purpose of the unit is to co-ordinate the policy activities of BOCCIM. To this end, the Economic Research Unit (ERU) has been busy establishing an economic data base which includes macro and micro economic data. A stated intention of the unit is to make economic data available in a user friendly format to the BOCCIM membership. We question the necessity of developing a detailed macro and micro economic data base when this could be seen to be a duplication of such data bases at the Bank of Botswana and in other organisations.

## *Industrial Relations*

Industrial Relations is a specialist membership service offering advice to members on issues relating to industrial relations and the industrial relations court. The unit was staffed by one person who left in 1994 and the post remains vacant.

The unit is currently funded from members' subscriptions as it has not been generating funds of its own. Historically the main expense for the unit was the salary of the Industrial Relations Officer amounting to approximately P55 000 per annum. The Industrial Relations activity has its origins in a former role played by the organisation - that of an employers' federation. Industrial Relations activities such as advice to members are currently performed by the Director, Deputy Director, the Public Relations Officer and the Regional Manager North. This activity imposes time constraints on the people concerned and no funds are generated.

## *Outreach*

The Outreach offices were established in Gaborone and Francistown to service the membership in the outlying areas. One established next to the head office services the membership in the south of Botswana and the one in Francistown services those in the north. Because of their locality and focus, both offices are confined to servicing small business. Their activities include the flea market, the Northern Trade Fair, attending the regional business councils, participating in small business committees, attending to membership drives and collecting membership dues. Services of a specialised nature are passed onto B-Map. No data is kept on small business operations and they merely service according to a membership list. The office has no computer facilities. The northern office gets quite involved with labour relations but this does not leave much time for membership development. Both offices are staffed by committed individuals but there is scope for developing their abilities further. Apathy can be a problem and the lack of support from head office is also a concern. Interviews indicated that members complain about the lack of appropriate services and, since communication is often a problem, physical follow-up strains resources. The officers have been valuable sources of information and contact with the outlying areas although funding, particularly in the south, is dependant on donors. The

north has had relatively greater sources with alternative funding and has greater prospects of being self sustainable.

### ***Public Relations***

The public relations function currently has one employee carrying out varied duties such as the organisation of dinners and the publication of the BOCCIM newsletter. In addition, the incumbent also represents BOCCIM at various functions. The function is currently not financially self sustainable. The function has incurred a small deficit during the period under review.

The primary activity of this function is the publication of the newsletter which is intended to be bi-monthly. However, it is currently published approximately every three months. In addition, the Public Relations Officer (PRO) also organises the annual dinner, issues press releases and publicises BOCCIM activities. He plays an active role in representing the organisation at various functions and occasions and assists in preparing speeches.

### ***Training***

BOCCIM training has largely been developed in conjunction with donor assistance and funding. The Training Officer co-ordinates training and administers scholarships. In addition, training needs analyses are also conducted to establish training needs in Botswana. The training department contracts courses to outside organisations.

Courses during 1994 included the following:

- Customer Relations;
- Business Communication;
- Time Management;
- Profitability Management;
- Basic, Intermediate and Advanced Financial Management;
- Problem Solving;
- Productivity Improvement;

- Stress Management;
- Production Planning and Control;
- Quality Control;
- Business Record Keeping; and
- Responding to Tenders.

The courses run by BOCCIM are heavily subsidised by USAID for members, and subsidised to some extent for non-members. The training department has indicated that between 800 and 1000 participants attended the BOCCIM training during the past year. In addition, approximately 400 BOCCIM scholarships, wholly funded by BPED, were awarded to facilitate increased opportunities for citizen entrepreneurs and to increase private investment into non mineral sectors of the Botswana economy.

The current training activities are consistent with BOCCIM objectives to build capacity within the country. However, it is difficult to ascertain whether training would continue to be popular with members if the current subsidies were removed. In addition, the department has indicated that approximately 99% of trainees were drawn from member organisations.

A previous policy decision taken by BOCCIM appears to have been ignored in that BOCCIM competes with other organisations in the training arena. In particular, it has been reported that the major institutional competitor to BOCCIM is the Botswana National Productivity Centre (BNPC) which virtually mirrors the courses currently offered. In addition, the BNPC is heavily subsidised and this poses a major threat to BOCCIM.

It should be pointed out that the recent industrial sector survey indicated that training was a key service utilised by both large and small members and was listed as one of the critical advantages of remaining a member.

Counterbalancing this perspective is the fact that companies often cut training activities when faced with a recession and this may negatively impact the viability of a continued training function given Botswana's economic slow down.

#### 4.2.2 HR Processes and Systems

This section outlines the findings of a detailed interview programme which focused on the human resources aspects of BOCCIM. In order to maintain confidentiality, no sources are quoted, but all senior BOCCIM staff were interviewed in Gaborone. The interviews were conducted using a structured questionnaire in order to ensure that the same issues were covered in each session. Only the major findings are presented here.

##### Organisation Effectiveness

We tested employees' perceptions about the effectiveness of BOCCIM in its current operating environment. There appeared to be a general concern that BOCCIM was not as effective as it could be, requiring significant improvements in order to make BOCCIM more effective as an organisation.

The main factors impeding the effectiveness of the organisation included the following:

- It was felt that there were too many staff in the organisation and that many of these staff members were not being given tasks which would improve the organisation's effectiveness;
- Overlaps and duplication were also identified as issues which have led to a less than effective organisation. The concern expressed was that the overlaps led to a situation where there was lack of clarity on who was ultimately responsible for shared tasks and that this resulted in apathy;
- Quality of work, was not a major focus of the organisation;
- Our interviews also identified a disturbing "us versus them" syndrome in that senior staff blamed junior staff for the lack of effectiveness within the organisation whilst junior staff blamed senior staff; and finally
- Communication appears to be a problem with particular reference to a shared vision of what the organisation is trying to achieve, by when and by whom.

In conclusion the staff within the organisation rated BOCCIM low in terms of effectiveness. To a large extent this rating is mirrored by the membership, details of which are contained in previous sections.

### Performance Management

There is no formal performance management system in place at BOCCIM.

At the beginning of every year workplans are drawn up for all senior BOCCIM staff which set out the annual objectives. Monthly management meetings are used to determine progress against plan but, 98 percent of people interviewed indicated that there appeared to be a problem with follow up if plans were not being achieved. This, it was felt, created a *laissez faire* attitude to performance and led to a state of apathy and objectives not being met.

This situation is exacerbated by the fact that salaries appear not to be linked to performance. Indeed, a number of interviewees indicated that there was no incentive to work hard and to perform as there was no reward for increased effort. It was alleged that salary increases were "blanket" increases based on current salaries and not on performance.

Clearly this creates a problem for the organisation as it is faced with a need to increase its workload in order to achieve revenue increases with potentially fewer staff. The absence of a performance management system will make it extremely difficult to inculcate a culture of hard work driven by objectives and the need to achieve them. In addition, there is a need for a more transparent remuneration system which allows individuals to have 'line-of-sight' between their performance and their salary increases. It is important therefore that these objectives are set with individuals in order to support the corporate objectives of BOCCIM.

## Remuneration

Until 1992 the remuneration within BOCCIM was set at Government rates. This was stopped however when Government increases placed their levels out of the reach of the organisation. The salaries currently paid are viewed as too low by employees within the organisation. It is not surprising that 3 people have left the organisation since 1991 citing the reason for their departure as poor salaries. However, high turnover levels are not a serious problem for the organisation at this stage, but if the economy improves, BOCCIM could find it difficult to keep staff in their employ.

A major concern expressed to us by staff was the basis of awarding salary increases. These were perceived to be arbitrary and not based on performance or any other criteria.

## Succession Planning

There is currently no succession planning system in BOCCIM, largely due to the paucity of staff. However, there are obvious risks associated with this situation given the lack of depth within the organisation. This is borne out by the fact that the IR officer left and the function is now currently run by four other staff members.

## Training

There is no formalised staff training system in operation within BOCCIM. Many of the staff members interviewed indicated that they were concerned that they "stagnated" when they joined the organisation in that they have not received any training. Whilst some indicated that they had attended one or two seminars, they questioned the appropriateness of the training.

## Recruitment and Selection

BOCCIM is an equal opportunity organisation. All vacancies are advertised before being filled. However, there has been little staff turnover during the past year or two. The most important position filled in the recent past was that of the Policy Analyst.



## Skills

Whilst the assignment did not call for a skills audit, it can be stated that whilst there appear to be skilled people at the senior level within the organisation, the lack of depth creates problems for succession planning and continuity. The lack of skills depth is obviously high risk and the two examples are the Industrial Relations Officer and the Chief Accountant who will be leaving during 1995.

## Culture

We asked staff members to describe the culture of BOCCIM. The key comments are outlined below:

- Too *laissez faire*;
- Not very professional;
- Not businesslike;
- Too much favouritism; and
- BOCCIM is like a Government department.

## Management Style

Staff were requested to describe the management style within the organisation. The major areas of consensus are depicted below:

- Very little staff contact and too aloof;
- Not interested in us as staff;
- Too much favouritism;
- Very little supervision in this organisation;
- Ineffective;
- Too dictatorial; and
- No rewards, no punishment.

Given the challenges ahead for BOCCIM, it is important that the management style reflects a more hands on and proactive approach. It was generally felt that management were too aloof and not involved on a day to day basis.

#### Duplication/Overlap

Staff were asked to comment on areas of duplication and overlap. There was general consensus on the following points:

- There are too many secretaries (temporary secretaries have been kept on the payroll when others return from maternity leave);
- Fund-raising is undertaken by many different people and it appears to be uncoordinated and fragmented; and
- Membership is a focus for different people in the organisation including field officers, membership services and the Director and Deputy Director.

It will be important for the organisation to streamline these aspects of its operations.

#### *4.2.3 Benchmarking*

A benchmarking exercise was conducted to assist in identifying an appropriate role for BOCCIM. Three similar business organisations that had achieved levels of success were chosen. In this way BOCCIM can review the way it is focused, identify its intended beneficiaries and the nature of its services and measure these against tried and tested methods utilised by the benchmarked organisations. We list below the three organisations selected for the benchmarking exercise and the reasons for selecting them:

<b>Table 4.6: Benchmarked Organisations</b>	
<b>Name of Organisation</b>	<b>Reasons for Selection</b>
The National African Federated Chamber of Commerce (NAFCOC)	<ol style="list-style-type: none"> <li>1. A South African Chamber of Commerce representing in the main the disadvantaged business communities and primarily, if not all, small and informal businesses</li> <li>2. Membership-driven with very little donor funding although with strong corporate (big business) financial support</li> <li>3. Utilises an effective pyramid structure with regional and sectoral delivery structures.</li> </ol>
The South African Chamber of Business (SACOB)	<ol style="list-style-type: none"> <li>1. A South African Chamber of Commerce representing both small and large businesses with no informal business affiliations</li> <li>2. Membership-driven with no donor funding although strong corporate membership and financial support</li> <li>3. Although not a pyramid structure, it has regional and sectoral affiliates that operate independently.</li> </ol>
The National Federation of Independent Business (NFIB)	<ol style="list-style-type: none"> <li>1. A USA business association representing small and independent business solely in an advocacy role. It is important to note that 'small business' in the USA would encompass many medium and large businesses in Botswana</li> <li>2. Membership-driven with no donor or big business (corporate) financial support</li> <li>3. Is not structured in terms of regions or sectors but has offices in all fifty states.</li> </ol>

We assessed typical membership-driven organisations with or without corporate membership or financial support, but with some similarities to BOCCIM in terms of structure, focus or delivery mechanisms.

A review of the above mentioned organisations is undertaken below in order to draw on their lessons in determining how BOCCIM can move forward. These findings are summarised in a matrix at the conclusion of this section.

## NAFCOC

### *Brief History*

NAFCOC was formed after an amalgamation of a number of trader associations in the 1950's culminating in its formation in 1964. It brought together the business interests of, primarily, the South African black community who were prohibited from joining the established business organisations due to South Africa's apartheid policies. Moreover, they were only allowed to trade in a limited number of businesses, such as retailing, and were excluded from operating in areas such as manufacturing. In fact, up until 1977 only 25 trades were permissible unless blacks chose to move to the 'homelands', where they could participate in a greater number of trades. NAFCOC was also confronted by the then Government policy to operate strictly on ethnic lines creating separate chambers of commerce resulting in NAFCOC strategically forming itself into a federation. Inevitably, chambers of commerce formed in the homelands or in other disadvantaged segregated communities and affiliated to NAFCOC to develop a strong voice of resistance to the Government. It was, unfortunately, a time when established white business organisations paid silent homage to the Government and enjoyed total monopoly and domination of business opportunities in the country. NAFCOC's history is filled with resistance to Government policies, lobbying for change, advocating policies such as sanctions, interacting with exiled political movements and initiating boycotts against unjust Government dictates or big business monopolistic practices. It was also catalytic in putting forth ventures that created pride of ownership in the community.

This brief history serves as background to the development of NAFCOC primarily as a body pursuing advocacy and lobbying strategies and to a lesser degree as a service organisation to its members.

### *Role*

NAFCOC to date has been engaged in a number of activities, but the primary activities were lobbying and advocacy. Areas of success include the opening up of group areas to all business people, deregulation, establishment of the taxi industry and the dismantling of

barriers to trade. In a similar vein it played a catalytic role in new business initiatives such as the African Bank and Blackchain, which addressed regressive tax laws.

As a service-provider to its membership it acted as:

- An **advisory body** by advising Government in the latter years on economic issues and participated in tripartite and multi-party forums such as the National Economic Forum;
- A **forum** where it brought together regional and sectoral interests and pursued vigorous policies through its six sectoral affiliates of industry such as manufacturing, transport, liquor, farming, building and hawkers and through its regional affiliates all other trades particularly the retailing sector;
- A **training institute** by setting up a Membership and Leadership Development Centre (MLDC) as a separate entity with financial support from the German Government to train people in the areas of management and leadership;
- A **bursary provider** through its Masikela-mavimbela Scholarship Fund set up as a separate trust with trustees drawn from NAFCOC and community leaders for the provision of bursaries to deserving students nominated by affiliates;
- An **information source** to its members and the general public on business and trade issues; and
- A **provider of membership services** based on members' needs and which provide benefits and returns in lieu of their membership.

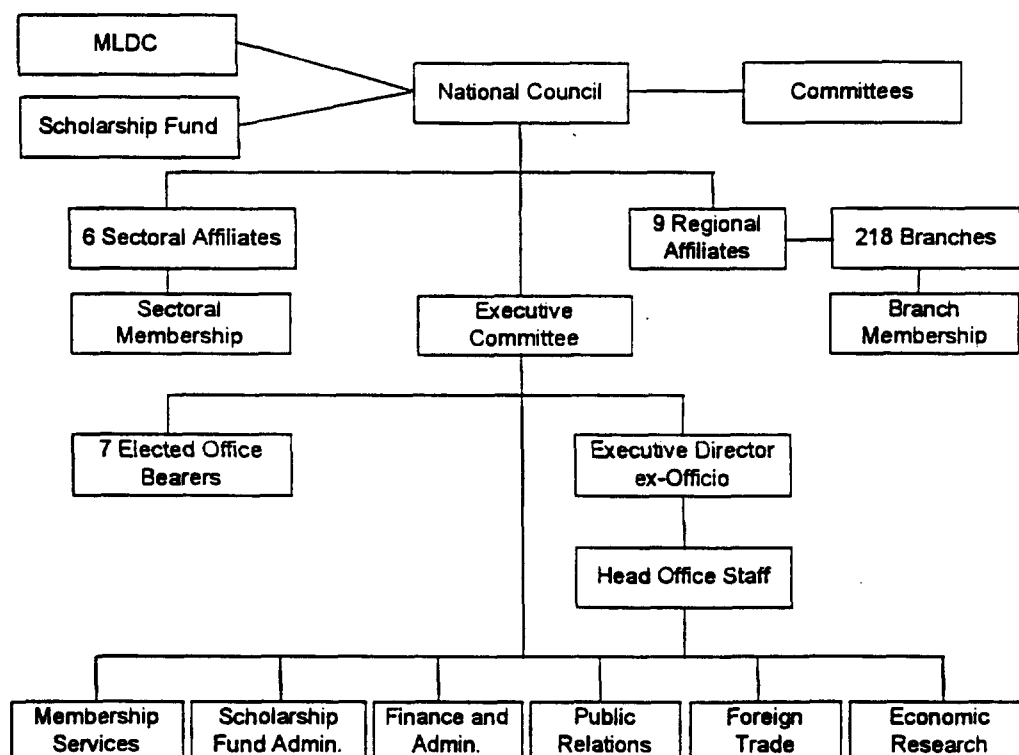
### *Structure*

NAFCOC is structured along federal lines. It is made up of six sectoral affiliates and nine regional affiliates. The regional affiliates are made up of 218 branches spread across the country. This structure is pyramidal in that the membership comes through the branches which affiliate to the regions which in turn affiliate to the national body. The sectoral affiliates affiliate direct to the national body. In essence, NAFCOC itself is a form of shell with a core administration to service its affiliates. The affiliates themselves have their own administration and independence and are able to service their members directly. The national body is run by an executive committee of seven office bearers, who meet monthly, and they are governed by council, made up of representatives of affiliates not exceeding

four, dependent on the number of their members. The council generally comprises fifty members and they meet once every quarter. The council also holds an annual general meeting at the same time as its annual conference where it reviews its annual activities, holds elections and takes key resolutions for implementation in the following year. The affiliates are structured along similar lines and they draw their authority from the branches except that sectors draw their authority directly from the members. In addition, several key committees are formed, which interact during the year, meeting on an ad hoc basis and reporting directly to the council. An annual report is submitted to the annual general meeting. The MLDC and the scholarship fund, which are separate entities, also report directly to the Council.

The structure is outlined below:

**Figure 4.5: NAFCOC Structure**



It is important to note that the head office is staffed by fifteen full time personnel, including a security guard, covering the six core activities denoted in the structure with two secretaries being utilised for the whole office. The regions, sectors and branches have their own personnel who very seldom number more than three.

## *Funding*

NAFCOC is funded as follows:

Membership Fees	-	13%
Conferences	-	42%
Corporate Donations	-	19%
Donors (since 6/93)	-	24%
Sundry Income	-	<u>2%</u>
		<u>100%</u>

NAFCOC's total annual budget is R2m and recent donor income has diluted the percentage of membership fee income. Members' fees are pegged at R25 per member and a serious concern is the low level of paid subscriptions which only increase when elections occur every two years. Total registered membership is 156 000 and, due to the system of payment, a large portion if not all of the membership fees is retained by the branches or the regions. A member joins a branch for, say R200 per annum, R130 is retained by the branch, R70 goes to the region who in turn send R25 to the head office. Branches and regions also receive funding for conferences, activities and corporation sponsorship at the local level.

Membership is based on individuals and not businesses and certainly not on the employee-based system. Large companies, such as those listed on the Johannesburg Stock Exchange, can become corporate members at, say R2 500 per annum, but often donations are sought from them, in addition to their membership, for projects such as conferences, subsidisation of office costs and business opportunity centres.

If one did try to establish a ballpark employee figure for NAFCOC members, it would be as follows:

Members self-employed (no employees)	-	20 000
Members employing one employee	-	60 000
Members employing an average of 5 employees	-	76 000

This would equate to 460 000 employees.

### *Membership Services*

In addition to services provided to members at branch and regional levels, NAFCOC provides national services in lieu of membership fees. Some of these are:

- An **annual membership card** utilised as a smart card which allows paid-up members to get discounts on vehicles, accommodation, vehicle spare parts, wholesale products and other products based on deals negotiated by the office with suppliers. These discounts can range from 5% to 20% over and above existing prices;
- A **free subscription** to the African Business publication normally R6 an issue;
- A **special annual conference** registration and accommodation rate, a saving of 10%;
- **Access to procurement** opportunities and regular **foreign trade bulletins**; and
- For informal businesses, **free accounting and secretarial assistance**, or for a minimal charge, in some centres.

### *Vital Statistics*

Cost of membership administration	-	R13
Costs related to total employees of members	-	R4
Profit on conferences (excluding Admin.)	-	38%
Salary portion of expenses	-	61%



## ***Implications for BOCCIM***

The following lessons are relevant to BOCCIM:

- High returns for low membership fee;
- Adequate investment in professional staff;
- Strong membership based on a federal system spread throughout the country;
- Due attention paid to membership services;
- Strong involvement by the corporate section - they see NAFCOC as providing a critical niche market;
- Services such as training are delegated and more focus and attention given to advocacy and lobbying;
- Federal structure does encourage affiliates to retain bulk of membership fees creating a fall in remittances to the head office;
- Ad hoc committees that relieve the burden of the executive committee and of the secretariat;
- Communication to branch network can be weak if regional and sectoral affiliates fail to perform; and
- Members on national council represent constituencies, fully mandated and elected by them, and not individual interests. At present BOCCIM councillors represent sectors but there is debate about the extent to which they are fully mandated by these sectors.

## **SACOB**

### ***Brief History***

SACOB is a relatively recent formation (1990) brought about by the amalgamation of the Association of Chambers of Commerce of South Africa (ASSOCOM) and the Federated Chamber of Industries (FCI). Both of these organisations were in existence for many years. In fact, its affiliate, the Johannesburg Chamber of Commerce and Industry (JCCI), has been in existence for over 100 years.

SACOB's history revolved around developing white business interests with lip service paid to black business development. In the 1970's some accommodation was made for other race groups by the formation of a liaison committee known as the Black, Coloured and Asian Affairs Committee, which to some extent was instrumental in lobbying for the opening up of the central business districts to all business people. There were certain restrictions in that legislation and the business communities in the township fought against chain stores 'involving' their areas.

SACOB has been able to build a strong body of opinion, infrastructure and resources to address the needs of its members and the community it services. SACOB has begun to identify with the changes in South Africa and is very active in changing the 'face' of its organisation.

### ***Role***

SACOB's role, like NAFCOC's, has to a large extent concentrated on **lobbying and advocacy** with adequate resources to bolster this activity. Successes have been the involvement in Government economic structures, in international Chamber of Commerce activities, in international labour institutions, in local forums, in various Government and business-related committees, in activities such as the Southern Africa Development Community (SADC), the Preferential Trade Area (PTA) and the South African Customs Union as well as enormous media coverage on all economic issues. It is an organisation that is well-respected world-wide by applying appropriate resources and expertise to trade issues such as GATT and international trade.

As a service provider to its membership, it acts as:

- An advisory body;
- A forum;
- An information source to domestic and international interest groups;
- A resource to other bodies, institutions, Governments and forums in areas such as monetary and fiscal policy, small business, industrial policy, science and technology, intellectual property, tax, industrial relations, labour market reforms, security and legislation;

- An informed economic source through its Business Confidence index which is widely quoted and often used in approaches to Government and other policy makers; and
- A provider of membership services in a very limited way as most of these services are provided by affiliates with SACOB concentrating on its advocacy and lobbying role.

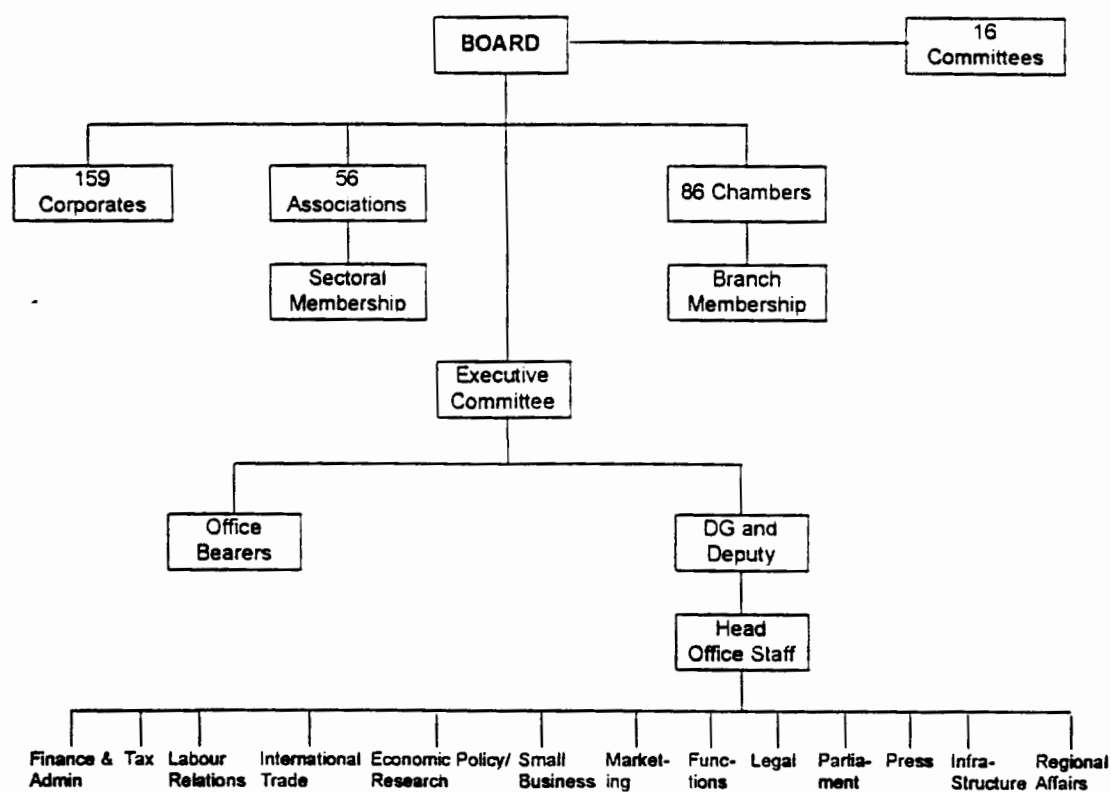
### *Structure*

SACOB, like NAFCOC, is structured along federal lines made up of 159 major business corporations, 56 major national associations and 86 Chamber of Commerce branches. Unlike NAFCOC, SACOB is not regionally structured but has direct access to constituent branches and associations. The affiliates themselves have their own administration and resources and are able to service their members independently of SACOB. In fact SACOB is housed in a building owned by its affiliate the Johannesburg Chamber of Commerce and Industry. Branches hold regional conferences and elect members to represent affiliates on the SACOB Board. This board of fifty members elects the office bearers for the executive committee amounting to nine members including the immediate past president and the director-general and his deputy. There are two vice-presidents and the president can only serve a one year term of office. Like NAFCOC, the overall policy-making body is the Board which draws its mandate from the Annual General Meeting at the time of its Annual Conference and the executive committee is responsible for the management of the organisation. Approximately 16 committees which are issue driven are appointed every year to attend to business problems and policies and this is where the bulk of SACOB's expertise lies. Staff members are appointed to administer each committee. There are about 40 staff members including the director-general and his deputy, an economist, financial director, international trade specialist, small business specialist, labour relations officer, legal consultant, parliamentary officer, press liaison officer, infrastructure manager, tax adviser, marketing manager, 2 regional affairs managers and a functions co-ordinator.

Nearly 80% of SACOB members are drawn from small business although it often comes across as a big business representative. The channel of communication is through the chambers but calls for urgent or complicated issues often go direct to SACOB staff. SACOB sees itself at the heart of disseminating information, arranging seminars, networking, research and policy formulation and a resource base.

Its structure is depicted below:

**Figure 4.6: SACOB Structure**



### ***Funding***

SACOB gets its funding through direct corporate membership of R17 000 each per annum and 20% of the membership fee income of the associations and the chambers of commerce. Membership fees are related to businesses and not individuals and are employee-based. A member with 100 employees would pay R1 447 and with 25 employees would pay R860. This equation could work out as follows based on 50 members per affiliate:

159 x R17 000	=	R2 703 000	(66%)
50 x 56 x 80% x R860 x 20%	=	385 300	(9%)
50 x 56 x 20% x R1 447 x 20%	=	162 050	(4%)
50 x 86 x 80/5 x R860 x 20%	=	591 700	(15%)
50 x 86 x 20% x R1 447 x 20%	=	<u>248 900</u>	(6%)
		<u>R4 090 950</u>	

Despite its bulk of small members, the corporate sector is the major contributor to SACOB. In some cases, certain companies sponsor projects (business confidence index) in lieu of membership. All the associations and branches have their own programmes and resources and all members' needs are serviced at this level with SACOB playing a very strong lobbying and advocacy role.

One of SACOB's main functions is dinners for high profile speakers where companies fund a table (between R500 to R2 500) and this brings in added income for the organisation.

### ***Membership Services***

Since SACOB places very little emphasis on membership services (as it is more research and resource orientated), the affiliates offer a whole range of services from trade missions to seminars usually at a special rate and in conjunction with deals negotiated with suppliers of services. A smart card system is, however, not used by affiliates.

One often finds that the finances of the affiliates, similar to NAFCOC, are in better shape than the head office since they provide membership services that give a return to members.

According to SACOB, it represents the interests of 40 000 businesses making it the largest employer body in South Africa (1,6 million).

### *Vital Statistics*

Cost of membership administration	-	R102
Costs related to employees	-	R3

From impressions gained, large companies are satisfied with the benefits of belonging to SACOB and the negative impressions often come from small businesses through their branch affiliations.

### *Implications for BOCCIM*

The following lessons are relevant to BOCCIM:

- Membership services role delegated to affiliates;
- Strong advocacy and lobbying role encourages strong corporate membership;
- Strong membership based on federal system spread throughout the country;
- Proficient professional staff well versed in key issues;
- Federal structure encourages affiliates to retain bulk of membership fees;
- Issue driven committees that perform an excellent task in leading the economic agenda;
- Communication to affiliates is strong due to less rigid structure but big business bias does create some negativity as reflected in prior conference attendances;
- Members on national board represent constituencies, fully mandated and elected by them and not individual interests; and
- Staffing is centred around activities that strengthen advocacy and lobbying roles.

### **NFIB**

#### *Brief History*

NFIB was founded in the United States in 1943 and it was created to give small and independent businesses a voice in Governmental decision making. Today the organisation remains true to its charter of advancing the concerns of small business owners among state and federal legislators and regulators. This has made NFIB the United States' largest

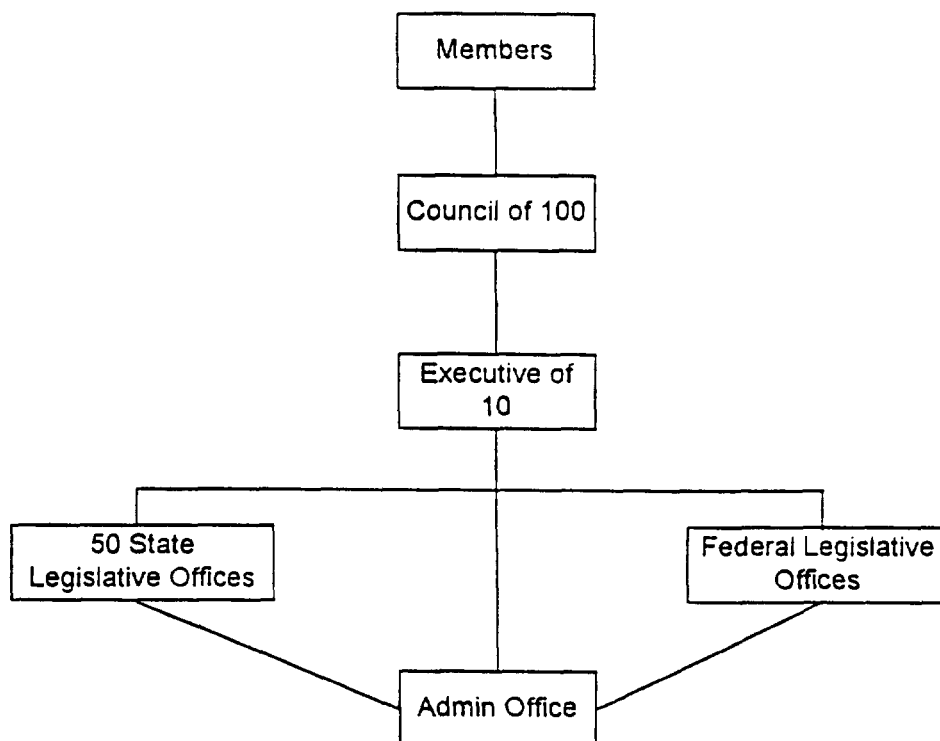
advocacy organisation representing small business with an audited membership of more than 600 000 business owners. During its first forty years, the organisation was primarily known for its grass roots lobbying activity but in the mid-1980's, it assumed the broader role of advocate for the causes and concerns of America's small businesses. In 1991 this advocacy brought hundreds of business owners to Washington precisely as the Congress was to vote on civil rights legislation opposed by NFIB members. Recognising that small business owners were having increasing difficulty finding affordable health insurance for themselves and their employees, NFIB formed a broad-based health coalition urging adoption of consensus-based solutions to provide immediate relief to millions of uninsured. Past presidents of the country have recognised the role of NFIB and often treat it as an important and critical vote pool.

### *Structure*

The leadership body of the organisation is its council with 100 members. These members determine the board of directors made up of 10 members who are responsible for the management of the organisation. With federal legislative offices in Washington DC and state legislative offices in all 50 capitals, NFIB ensures an effective small business voice within key lawmaking circles. Support for NFIB's operations is provided by its administrative office in Nashville, Tennessee. NFIB has a simple and direct structure to communicate with its membership with a well-resourced administration. Its branch offices are manned by a few but resourceful people. Most of its membership work is undertaken by agents who get a commission for signing up membership.

Its structure is depicted below:

**Figure 4.7: NFIB Structure**



### ***Funding***

NFIB is strictly membership funded with no funding from corporate or donor sources. Membership fees are between \$97 and \$1 000 per annum depending on what members think is worth to them. The average fee is \$110. Six hundred commission salesmen sell membership on a 56% commission basis. The annual budget is \$58 million. The members on average have 5 to 8 employees and it is estimated that there are 4,5 million such businesses in the United State thus making a penetration of 13%. The total membership employs more than 7 million people with an annual turnover of \$747 billion. The success of this membership drive has resulted in NFIB owning its own head office building. The majority of members are drawn from the service industry (27%) and the retail sector (25%).



### *Membership Services*

Services are strictly advocacy and lobbying with no membership frills. A strong membership drive on a commission basis is built on a history of success of lobbying actively at congress. The organisation is in constant, at least monthly, touch with its members. An NFIB 'action alert' can precipitate 100 000 members' letters being sent to senators and congressmen. It regularly polls members' opinions and lobbies accordingly. It advances the consensus of the business community rather than the narrow interest of any particular trade group. Once the ballots are tallied - 5 times a year on federal issues and at least once a year on state issues - NFIB's lobbyists carry the message to Congress and the state legislatures. Members place enormous value on this advocacy and lobbying role.

### *Vital Statistics*

Cost of membership administration	-	\$97
Costs related to total employees	-	\$8

### *Implications for BOCCIM*

The following lessons could be taken into account by BOCCIM:

- Advocacy and lobbying are key benefits in the USA;
- Aggressive marketing and selling techniques boost membership;
- Well-resourced proficient personnel utilised;
- Excellent communication through mandating and its 'action alert';
- Vigorous mandating process is simplified for members to give a strong and speedy response;
- High profile lobbying and media attention ensures due regard given by the legislatures; and
- Simple structure allows for direct membership involvement and effective delivery.

Finally we draw a matrix of the benchmarked organisations in relation to BOCCIM to facilitate a comparative analysis.

	<b>NAFCOC</b>	<b>SACOB</b>	<b>NFIB</b>	<b>BOCCIM</b>
1. Defined Role	Advocacy and lobbying Membership services to compensate for fees paid Separate training institute Information source	Advocacy and lobbying Limited membership services not related to fees paid Services as a conduit for training Information source Research and economic resource	Pure advocacy and lobbying No other membership services	Limited advocacy and lobbying Membership services inadequate to compensate for fees paid In-house training arm Information source Potential research and economic resource presently limited
2. Historical Success	National and international image High political acceptability Sustained experience and record of lobbying Strong voluntary participation of members Strong membership Credibility with Government	National and international image High political acceptability but not at grass roots Sustained experience and record of lobbying Strong voluntary participation of members Strong membership Effectiveness beginning to translate into credibility	National image High political acceptability Sustained experience and record of lobbying Strong membership Credibility with Government	National and international image High political acceptability but limited at grass roots Some experience and record of lobbying Limited voluntary participation of members Relatively strong membership Increasing credibility with Government
3. Structure a) Institutional	Federal and regional and sectoral affiliates Council very representative and mandated Effective committee links 218 branches representing 156000 members with strong grass roots network Corporate membership with financial support	Federal with branch, corporate and sectoral affiliates Council very representative and mandated Effective committee links 159 corporate members, industry associations and 58 branches with strong grass roots network Strong corporate membership with some financial support	Direct membership with offices in 50 states Council very representative and mandated 600000 members affiliated directly	Affiliation through sectors with relatively inactive regional business councils Councillors not all constituency-based A limited number of active committees 1237 members with weak grass roots network Corporate membership with very little financial support

## b) Staffing

NAFCOC	SACOB	NFIB	BOCCIM
Director-General with 14 additional staff members 6 key portfolios including membership services Separate staffing for training entity	Director-General, deputy and 38 additional staff members 13 key portfolios with an advocacy emphasis	Executive committee of 10 with President being the CEO Purely advocacy and lobbying	Executive director and deputy with 22 additional staff members 6 key portfolios with fragmented delegation for membership services In-house staffing for training entity At least 6 secretaries identified

## c) Council and Executive Committee

50 Council members fully representative and mandated Executive committee of 7 office bearers and director-general acting ex-officio Highest authority rests in the AGM of the Council	50 Council members fully representative and mandated Executive committee of 7 office bearers and director-general and his deputy acting ex-officio Highest authority rests in the AGM of the Council	100 Council members directly elected by members of 10 with president acting as the CEO Highest authority vests in the AGM of the membership	27 Council members with 18 directly elected and 4 others specially appointed the executive director and his deputy acting ex-officio  Financial and Management Committee of 7 including executive director, deputy and chief accountant
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## 4. Funding

<p>Membership Fees 13%</p> <p>Corporate Support 19%</p> <p>Donors 24%</p> <p>Projects 42%</p> <p>Other 2%</p> <p>100%</p> <p>Membership fee - R25</p> <p>Corporates - R2 500</p> <p>Membership fee based on individuals</p> <p>Estimated employees 460000</p> <p>Cost of membership admin - R13</p>	<p>Ordinary Membership 34%</p> <p>Corporate membership 66%</p> <p>100%</p> <p>Corporate support</p> <p>Generally given in lieu of membership fees</p> <p>Other income is based on break-even costs</p> <p>Membership fee - ±R200</p> <p>Corporate membership - R17 000</p> <p>Membership Fee excluding corporates, based on number of employees</p> <p>Estimated employees 1,6 million</p> <p>Cost of membership Admin - R102</p>	<p>Membership Fees - 100%</p> <p>Membership fee - average \$110</p> <p>Membership fee based on choice</p> <p>Estimated employees 7 Million</p> <p>Cost of membership admin - \$97</p>	<p>Membership Fees 25%</p> <p>Donors 65%</p> <p>Training 4%</p> <p>Interest 3%</p> <p>Other 3%</p> <p>100%</p> <p>Membership fee - Average P517</p> <p>Membership fee based on number of employees</p> <p>Number of employees - 72209</p> <p>Cost of membership admin - P3230</p>
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5. Membership Profile

NAFCOC	SACOB	NFIB	BOCCIM
Small Business 156000 Corporates 26 156026 % of total income Small Business - 10% Corporates - 3%	Small Business 80% Large Business 20% 100% % of total income Small Business - 34% Corporates - 66%	Small Business - 100%	Small Business 71% Large Business 28% Parastatals 1% 100% % of total income - Small business - 4% Large Business and Parastatals - 19%

6. Lessons

High returns for low membership fee Adequate investment in professional staff Strong membership based on federal system Attention paid to membership support by corporate sector Training activity separated from core activities Bulk of membership fees retained by affiliates Ad hoc committees relieve burden of executive Recent increase in donor funding due to changes in SA	Very little monetary returns for membership fee Adequate investment in professional and expert staff Strong membership based on federal system Membership services role delegated to affiliates Strong financial support through corporate membership Conduit for arranging training activity Bulk of membership fees retained by affiliates Issue driven committees add value to organisation No donor funding	No monetary returns for membership fee Adequate investment in professional and expert staff Strong membership based on strong membership drive Membership services embrace advocacy and lobbying No support by corporate sector No training activity All membership fees paid directly - commission paid on new recruits Ad hoc committees set up as the need arises No donor funding	No monetary returns for membership fee Investment in professional consultants and less in staff Relatively strong membership based on corporate involvement Fragmented approach to membership services Moderate financial support through corporate membership Training activity part of core activities Membership fees paid directly - increase in arrears Committees in place are not all active Imminent withdrawal of donor funding after substantial funding in the past.
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NAFCOC	SACOB	NFIB	BOCCIM
Communication can be relatively weak due to pyramid system Membership profile allows for strong support on issues Staffing centred around membership services and lobbying and advocacy High profile lobbying and media coverage Small business members practically constitute the membership	Communication relatively strong due to direct access to Branches Big business bias can create some negativity in the rank and file Staffing centres around lobbying and advocacy High profile lobbying and media coverage Small business members constitute 80% of membership but contribute less in total than large businesses	Communication strong due to direct access to membership Membership profile allows for strong support on issues Staffing centred around advocacy and lobbying High profile lobbying and media coverage Small business members constitute the total membership	Communication relatively weak due to fragmented structure Big business bias creates negativity amongst small business members Staffing addressing a number of core activities Increasing high profile lobbying and media coverage Small business members constitute 71% of membership but contribute less in total than large businesses

### 4.3 Financial Review

The consultancy undertook a review of the financial position of BOCCIM. It must be pointed out that this review did not constitute a due diligence of the organisation and as such no auditing opinion is expressed nor implied. The review was intended to contribute to an understanding of the key challenges facing the organisation in the light of anticipated changes in its operating environment.

#### 4.3.1 Analysis of the Current Situation

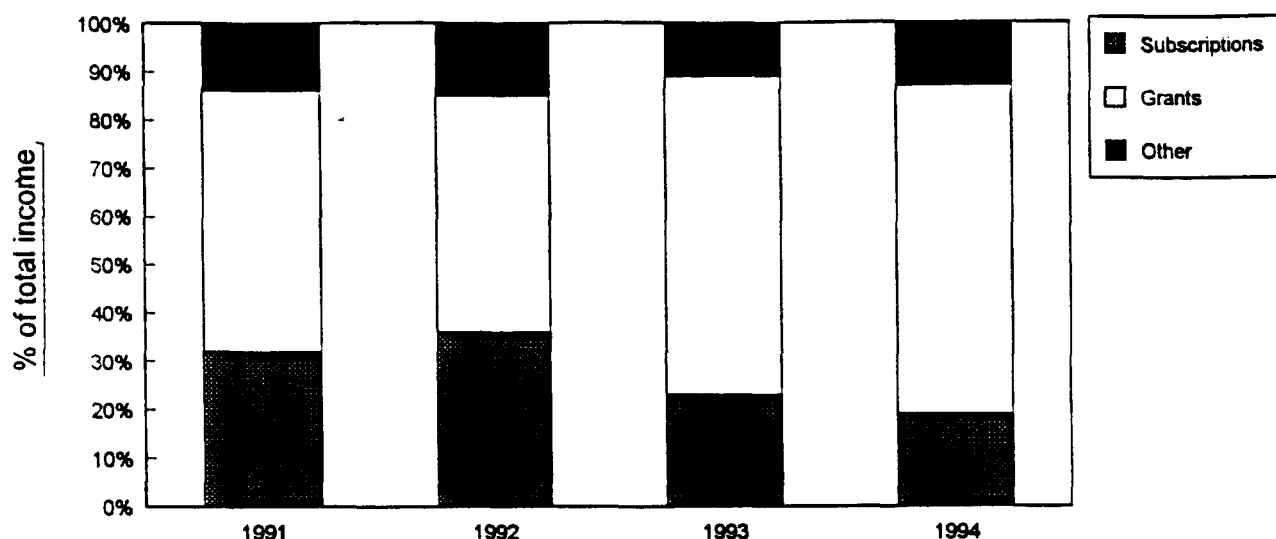
##### Current Sources of Funds

Currently, BOCCIM is funded from three main sources. They are:

- Subscriptions;
- Grants from Donors; and
- Other Sources such as rental income, interest on deposits, convention and seminar fees, advertisement revenue, dinner revenue.

As can be seen in the figure below, over 50 % of the revenue sources in the past four years have been from donor grants.

**Figure 4.8: Sources of Funds**



The trends indicate that since 1991, the proportion of donor income to total income has grown from 54% in 1991 to 68% in 1994. In 1995, BOCCIM expects to receive up to P 1 600 000 from donors, which represents 46% of their total income for the year 1995. This decrease in the proportion of donor funding is as a result of projected increases in 1995 income from other sources. we have not ascertained the feasibility of these increases but given that they have been sanctioned by the Finance and Management Committee we have assumed that they are reasonable projections. The projections are contained in the 1995 budget which was drawn up after our initial analysis in September 1994. In 1996, BOCCIM's funds from donors will stop and BOCCIM will have to generate its own resources in order to continue serving its members.

In order to put BOCCIM in perspective we compared its sources of funds to other benchmarked organisations. The results summarised below confirm that BOCCIM is clearly overdependent on donor income and there is potential for increased sources of revenue from corporates and from projects.

SOURCE OF INCOME	BOCCIM	NAFCOC	SACOB	NFIB
Membership fees	25 %	13 %	34 %	100 %
Corporate support	0	19 %	66 %	0
Donors	65 %	24 %	0	0
Projects	3 %	42 %	0	0
Other	7 %	2 %	0	0
TOTAL	100%	100%	100%	100%

### The Current Uses of Funds

According to the 1995 budget, BOCCIM's funds will be utilised on overheads to run the organisation (P 2250 740) excluding training expenses funded by donors. The bulk of these expenses are salaries (38 %) and rents/utilities (13%). These figures compare favourably with other service organisations.

As a measure of efficient utilisation of resources, we used the measure of total expenses per member in the three other benchmarked organisations and compared these to BOCCIM. The expense per member is calculated by dividing the total expenses incurred for one year and dividing this by the number of members in the organisation. The results summarised below indicate that BOCCIM's expenses per member are extremely high indicating inefficient use of resources. This indicates that there is definite scope for improving this efficiency measure especially through servicing more members within the same cost base or at a lower cost base.

Organisation	Expense per member
NAFCOC	R 13 = P 10
SACOB	R 102 = P 76
NFIB	\$ 97 = P 242
BOCCIM	P 1800 *

- BOCCIM's expense per member is based on total projected expenses of P2 250 740 in 1995 (that excludes donor funded training expenses) divided by 1250 members.

Source: 1995 Budget which assumes all activities will continue as is.

## Departmental Analysis

In order to better understand BOCCIM operations, we analysed the income and expenditure into the various operational units within BOCCIM where income is earned and where expenditure is incurred.

Our review of the current situation revealed that BOCCIM generated income and incurred expenditure from six operational units which can also be referred to as cost centres. These cost centres and their principal sources of income are outlined in the table below:

<b>Table 4.7: BOCCIM SOURCES OF FUNDING</b>	
<b>Operational Unit</b>	<b>Sources of Income</b>
Head Office	Subscription Income Rental income Interest
Public Relations	Advertising Income Annual Dinner Directories President's Forum
Training	Training Fees Secretarial Seminar Fees Consultancy Scholarship Application Fees
B-Map	Private Sector Contribution Registration Fees
South Outreach	Flea Market * Insurance Scheme* Trade Fair Consultancy
North Outreach	Trade Fair* Insurance* Consultancy Flea Market* Dinner

\* At the time of original analysis, these activities were not yet operational



Further analysis of the various operational units revealed that without donor funds, all operational units are currently not self sustaining. This analysis is outlined in the table below:

<b>Table 4.8: FINANCIAL POSITION WITHOUT DONOR FUNDS</b>				
<b>Activities</b>	<b>Income</b>	<b>Expenditure</b>	<b>Surplus/Deficit</b>	<b>% of Income</b>
Head Office	825 181	1 158 648	(333 467)	(40)
Training	187 055	263 212	(76 158)	(41)
B-Map	20 925	101 640	(80 715)	(386)
N Region	168 172	240 127	(71 955)	(43)
S Region	25 000*	71 508	(46 508)	(186)
PRO	63 566	91 791	(28 225)	(44)
	<b>1 289 899</b>	<b>1 926 926</b>	<b>(637 027)</b>	<b>(49)</b>

Source : August 1994 budget extrapolated for one year.

• Estimate based on Flea Market Income

(see detailed break-down in Appendix 4)

It is clear from the analysis that BOCCIM cannot maintain current operating levels without donor funding.

In the past BOCCIM has not been accounting on an operational unit basis although the 1995 budget was analysed using this basis. The 1995 budget analysis included budgeted grant income of P1 600 000. The overall budget had a surplus of P498 051, however the departmental analysis attached to the budget revealed that all the existing departments had deficits except for the Administration department to which the grant income had been allocated. Although we do not have any detailed insight into BOCCIM's budget process, we have assumed that the 1995 budget provides a reasonable estimate of the expected situation that BOCCIM is to face if it is to continue all its existing operations. The shortfall arising confirms the need for a definite change to ensure self sustainability.

#### *4.3.2 Possible Alternative Funding Sources*

Given the existing situation outlined above whereby BOCCIM will have to drastically alter its operations due to the financial constraints within which it has to operate, we assessed possible options for sourcing additional funds. Clearly from a financial point of view the main issue is how to ensure that BOCCIM continues to provide value added services to its members within its available sources of income. The options available revolve around:

- Increasing the available sources of revenue made up of membership subscriptions and other sources
- Reducing the existing operating costs, and
- Seeking other donors (temporary solution)

##### Increasing Available Sources of Revenue

This option basically entails either increasing the amount of subscriptions from the existing members or increasing the number of existing members in order to have a larger subscription base.

In looking at these alternatives we looked at the underlying basis for the generation of subscription income. Generally it is believed that subscriptions are paid by members in order to be provided with a service that adds value to their business to a greater extent than the subscriptions that they have had to pay. In a situation where the perceived value of the service provided does not match the value of the subscriptions paid, the result is often delayed payment or outright default which is manifested in an increased arrears position and increasing difficulty in debt collection for the organisation. The only exception to this rule is the payment of subscriptions by some organisations as a form of corporate social responsibility even when the perceived value of the benefits to the organisation is less than the subscriptions paid. Large parastatals and corporations fall into this category.

In addition, subscription income is also dependent on the general economic condition prevailing in the country. An economic downturn results in difficult operating conditions for business and this results in an increased default rate.

Our review of BOCCIM revealed that it does not have much scope for increasing subscriptions because there has been a downturn in the Botswana economy since 1992 and this has resulted in the closure of several companies and increasing default of others. Subscriptions have already been increased by 15% in the 1995 budget and scope for further increases is limited.

As at the end of October 1994 a total of 362 members, owing P 147 197 were in arrears. The same situation existed at the end of 1993 and the situation is not likely to get any better in the near future. Table 4.9 below summarises the deteriorating situation. The growth in arrears amounts to an annualised growth of 80 % per annum which is clearly not sustainable.

Table 4.9: Arrears Trend	
YEAR	Arrears in Pula
1994 (October)	147 197
1993	119 159
1992	45 261

Source: year end accounts and accounts dept.

Our review of the BOCCIM membership list for 1994 revealed the following data:

Table 4.10: Membership Review				
Number of employees	Number of members	Percentage of total members	Subscriptions due	Percentage of total 1994 subscriptions
More than 100 employees	109	7 %	469 523	68 %
Less than 100 employees	1410	93 %	231 257	34 %
Less than eleven employees	578	38 %	89590	13 %

Source: BOCCIM 1994 membership list.

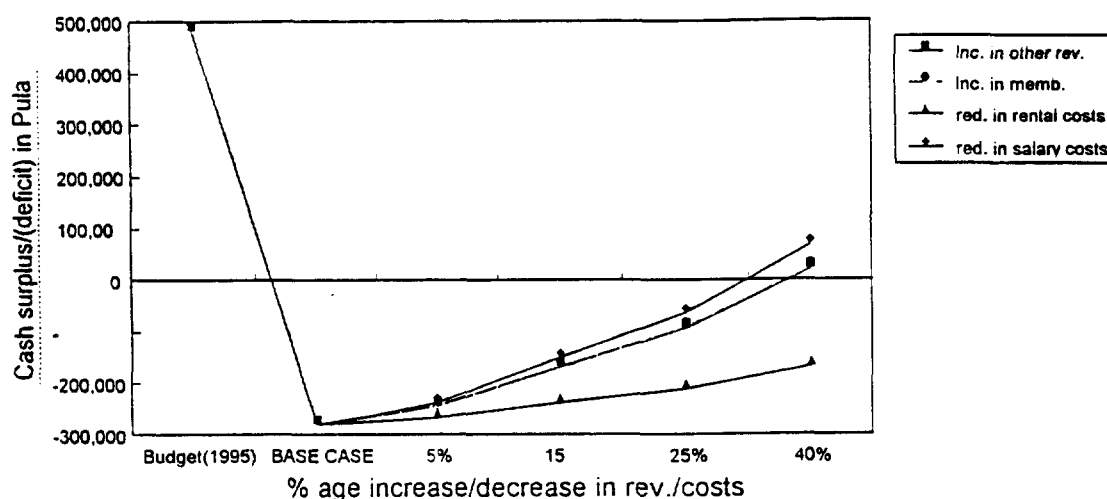
NB. 1994 subscriptions were forecast as P 690 000 in the 1995 budget.

It should be pointed out that the above table is summarised from the total members list which includes members who are in arrears and therefore it does not correspond to earlier membership figures where only paid up members were accounted for. The list provides a profile of BOCCIM membership. The above table of BOCCIM membership indicates that a small proportion of membership (7 %) of total members contributes the bulk of subscription income (68 %). The implications of this analysis is that any subscription increase will have significant impact if it is acceptable to the larger businesses upon whom BOCCIM is reliant. The focus in the future must therefore be on improving service levels in order to justify increased levies if this route is chosen to increase revenue. Member satisfaction will have to be the key to sustaining BOCCIM in the future. It is our view that this has been ignored in the past because there was no reliance on members for income as donors provided necessary finance.

We undertook a sensitivity analysis on the key costs and revenues (see diagram below). The analysis indicated that under certain conditions subscriptions would have to increase by as much as 40 % for BOCCIM to break even. This is an option available to BOCCIM and it largely depends on the direction BOCCIM is likely to take in the future. The two largest costs are salaries and rents plus utilities.

In addition the analysis indicated that salary costs would have to decrease by as much as 30 % for BOCCIM to break even if it was to continue operating as it has been. The analysis also indicated that any reduction in rental costs on their own would not result in BOCCIM being self sufficient. However since these costs are not mutually exclusive a combined reduction would have significant impact.

Figure 4.9: Sensitivity Analysis on Key Costs and Revenues



### Seeking alternative donors

There is potential for sourcing alternative funds from other donor organisations dependent on their priorities. This option is not a sustainable one and may return BOCCIM to its dependency on donors. However any donor assistance that would further enhance BOCCIM's capacity and role in Botswana should be pursued. Our review of alternative donor funding revealed the following situation:

Table 4.11 Possible alternative donors	
Potential donor agency	Status / Potential
Swede Corp	Currently supporting B-Map with potential to fund regional business councils
CIPE	Currently funding workshops and outreach
FES	Currently funding SEPROT with potential to fund small business development
GTZ	Expressed an interest in funding a national chamber of commerce (BCCI)
UNDP	Funding of small business through Government
US Peace Corps	Possible secondments of staff
NORAD, DANIDA, SIDA	Potential donors

#### *4.3.3 Analysis of Current Systems*

Whilst BOCCIM has a reasonably sound financial and management accounting system in place, closer monitoring is needed of core income and expenditure together with monitoring of ad hoc activities.

#### **Management Accounting**

There is currently a reasonable management accounting system in place where every year a detailed budget is prepared indicating actual figures for the prior year, then budgeted figures for the prior year compared with the budgeted figures for the coming year. The annual budget is also reviewed every month by the Finance and Management Committee who receive a variance report indicating the actual income and expenditure for the month compared to the budgeted actual, along with the actual for the year to date along with the budgeted year to date. The variances are expressed in both absolute terms as well as percentage terms. Attached to the management accounts are explanations for any material variances arising. These variance reports highlight any areas of possible concern and on the spot clarifications are made by the Chief Accountant who is in attendance in the Finance and Management Committee meetings.

Apart from the main budget, the management accounts have income and expenditure statements of events that have taken place such as the secretarial convention and the Francistown trade fair which were reported on in the August 1994 management accounts.

We recommend that every year a core budget is prepared for all the core activities of BOCCIM. Alongside the core budget there should be individual budgets for all non-core peripheral activities that have to be carried out such as the annual dinner and the trade fair.

These budgets should indicate when the event will be held, who will be responsible for organising the event and all the costs and revenues associated with the particular event. The implementation of the event should only commence once the Finance and Management Committee has approved the budget. The budget should be approved strictly on the condition of financial viability.

When the budget is submitted to the Finance and Management Committee, the responsible officer must attend the meeting and clarify any issues required. After the conclusion of the activity, the Finance and Management Committee must receive a report comparing the initial budget against the actual expenses incurred. By carrying out this check, it will be easier to control future events of a similar nature. We feel that through these specific procedures, the objective for financial viability of all activities of BOCCIM will be ensured and the responsibility will lie primarily with the Finance and Management Committee through the checks recommended.

### **Financial Accounting**

Annual financial statements are produced and audited at the end of every financial year and a detailed financial report is produced for BOCCIM. Our review revealed that the report produced was adequately detailed and is a useful document for the members to receive every year. We recommend that apart from the core financial statements prepared for BOCCIM, the non-core activities carried out each year must be separately analysed and audited. This will further enhance the control over income and expenditure in these activities. In order to achieve this, documentation for separate activities or events must be easily identifiable and income statements produced for them.

#### **4.3.4 Summary Conclusions**

From our financial review, the key findings arising indicate :

- BOCCIM cannot survive without the donor funding;
- The only sustainable source of funding is members subscriptions which is under threat from the organisations poor service to members and also from the impact of the poor economic conditions in Botswana;
- BOCCIM has an unacceptably high expense rate per member especially when compared to the benchmarked organisations;
- The organisation has scope for reducing its high cost base and enjoy economies of scale through increased membership. This scope will be valued when drawing up the implementation plan;

- There is scope for alternative finance from donors which can be explored initially for activities that build BOCCIM's long term capacity; and
- The attainment of a sustainable financial situation will be dependent on the enhancement of membership services that will provide scope for increased absolute membership and increased membership subscriptions.



## 5. OPTIONS

### Introduction

BOCCIM has been a model for the Southern African region and is regarded as a successful private sector body. In retrospect much can be attributed to the fact that donor priorities and support played an enormous role in shaping the way BOCCIM developed. With their imminent withdrawal, a new-look BOCCIM must maintain BOCCIM's status in addition to reviewing its role and activities and determining which are sustainable.

When one considers a number of options in the light of other private sector bodies operating in different countries, BOCCIM has three options:

- a) Staying as it is (**status quo**) but addressing issues such as
  - restructuring its staff to address duplication and overlapping of activities across functions;
  - retrenching staff superfluous to the needs of current operations;
  - cutting costs where appropriate for greater efficiency and savings; and
  - downscaling activities that would not survive without alternative funding.
- b) Taking on a traditional role as a chamber of commerce by concentrating on an **advocacy and lobbying role** addressing issues such as
  - Applying resources to this new focused role;
  - Retrenching staff superfluous to the needs of the new role;
  - Cutting costs where appropriate to focus on the new role; and
  - Downscaling/eliminating a number of core activities; or
- c) Taking the chamber of commerce option a step further by **commercialising** a number of activities to give greater returns to the membership by addressing issues such as:
  - Restructuring or streamlining the administration to focus on commercialisation of activities;
  - Reducing some of the current activities and eliminating ineffective services and programmes;

- Incorporating a change in philosophy from a non-profit to a profit orientation;
- Incorporating new services and programmes that produce returns; and
- Retrenching staff superfluous to the needs of the new role.

Each of these options would involve a change or cutback or increase in activities, staffing, focus and funding. The three benchmarks outlined above create the comparative structure to assess the proposed three alternatives.

### **5.1 Status Quo Option**

The key elements of this option are:

- a) Developing a more refined version of current operations;
- b) Maintaining the current focus of:
  - an employers' federation;
  - a chamber of commerce; and
  - small business development.
- c) Significantly cutting back on operations to create greater efficiency and effectiveness whilst making significant cost savings.

If BOCCIM chooses to take the status quo option route in the face of the imminent withdrawal of donor funding, it could consider pursuing other financial alternatives such as:

- increasing membership fees;
- increasing membership numbers to get increased revenues;
- increasing corporate sponsorship; and
- sourcing alternative funding including other donors.

Each of these strategies, based on inputs at the workshop and interviews with a number of key stakeholders, have the following counter arguments:

- membership fees have already been increased and any further increases would only alienate members even further. Membership arrears have grown significantly since 1992;
- membership by major corporations is close to its peak, parastatals are not quite clear on their future involvement and other members, especially small businesses, complain of lack of benefits and there is increased apathy among them. A membership drive has not been conducted in several years. However, without fundamental changes in strategy and operations, a membership drive will have limited success;
- some corporate members appear to be keen to increase financial support to BOCCIM but are concerned about small business members not playing their part, whether advocacy and lobbying should be the only focus, whether they really do need BOCCIM due to their own existing relationships with Government or whether funds are wasted in activities that create an additional burden for the organisation;
- other donors may not contribute in significant amounts as in the past. Furthermore:
  - They may come with their own agendas perhaps preferring small business or other limited focus (e.g. Swedecorp supporting Regional Business Councils);
  - They may have a short time span (e.g. FES supporting SEPROT for the next two years);
  - They tend not to compete in the same arena as their counterparts nor support the same organisations (e.g. GTZ intending to support BCCI);
  - Donor priorities are shifting to other countries (USAID is closing its Botswana mission); and

- Government of Botswana funding fundamentally changes the status of BOCCIM thus threatening its independence as the private sector agenda could be diluted or manipulated.

Even if alternative funding sources or avenues are found, there would be an added impetus for BOCCIM to address its future strategy, structure, human resources, membership profile and its overall administration if it hoped to sustain itself in the years to come. Without addressing these core areas, BOCCIM would continue to reflect all the current negative aspects such as deficits incurred in its various cost centres, membership apathy, competition from other bodies, poor service delivery and staff disillusionment. An examination of each of these core areas follows.

#### *5.1.1 Strategy*

BOCCIM's current role embraces that of an employers' federation, a chamber of commerce and small business development. As such it has developed a number of activities, namely:

- B-Map;
- Policy/Economic Research Unit;
- Industrial Relations;
- Outreach Offices;
- Public Relations; and
- Training.

Each of these activities were addressed in some detail in 4.2. For BOCCIM to continue to pursue its defined role, cognisance would need to be taken of the extent of the activity, related costs, related staffing and its impact. Each of these activities is reviewed below.

## **B-Map**

This is a one-man operation with assistance given through a secondment by Swedecorp. Based on the last report available to the consultants, 171 clients had been assisted and the office was meeting its then target of 13 new clients a month. It is readily apparent that the B-Map incumbent is capable and resourceful in the work he is doing and ad hoc meetings of the B-Map Board confirms this. Concern has been expressed about lack of support from the secretariat, apathy among a number of clients due to no fault of the B-Map officer nor the office staff and the low level of financial support from the corporate sector. A report last year by the B-Map officer highlighted the following strengths and weaknesses:

<b><u>Strengths</u></b>	<b><u>Weaknesses</u></b>
Manager highly motivated and competent; He has a very wide range of contacts; A large number of well qualified volunteers were available; The programme has a low cost/high value for clients	The programme's success depended on the incumbent manager, making it very vulnerable; Highly qualified volunteers were difficult to find outside the Gaborone/ Francistown areas; Some clients do not turn up for counselling thus frustrating the volunteers

He further put forward a number of proposals to ensure the continued existence and improved effectiveness of the programme. These proposals included:

- the need for an extra person in Gaborone and another full-time person for the northern region;
- approach larger companies outside Gaborone and Francistown for volunteers
- get the regional business councils (RBC) to assist in finding suitable counsellors for the remote areas; and
- utilise the banks and RBC's to source new clients.

In support of these proposals a budget was put forward for a one-person, two-person and three-person programme. In summary, this equated to the following for the 1996 financial year:

	One Person	Two Persons	Three Persons
<b>Income</b>			
Private Sector - per 1993	36 000	36 000	36 000
- new	139 788	203 808	267 816
Registration fees	<u>7 800</u>	<u>13 800</u>	<u>19 800</u>
Total	183 588	253 608	323 616
<b>Less:</b>			
Salaries	(84 130)	(134 950)	(185 770)
Other Expenses	<u>(99 463)</u>	<u>(118 655)</u>	<u>(137 848)</u>
Nett	<u>(5)</u>	<u>3</u>	<u>(2)</u>

This analysis bears a stark comparison to the financial inflows for the programme during last year. Private sector contributions amounted to P19 500 and registration fees P1 425. It would appear that, unless the private sector is in a position to meet the financial commitments stated above, a downscaling of the activity and related costs would be the best option. It may be sensible and expedient in order to retain this status quo to take the following steps:

- Concentrate solely on the Gaborone and Francistown areas;
- Gradually and in time look at expanding the programme outside these areas as resources permit;
- Use the outreach officer in Francistown to attend to the B-Map needs in the area;
- Increase the counselling fee to at least cover employment costs through an hourly rate as well as travel expenses or formulate some form of compromise;
- Get a commitment from the corporate sector for a fixed amount for a period of, say, 3 years and renegotiated a year before the end of the term;
- Get the rentals reduced with the B-Map office operating out of the head office
- Seriously address the exorbitant telephone and stationery costs; and
- Do away with the now unnecessary hotel accommodation costs with a downscaling in activity.

The net result is that savings made and the potential of additional funding have to be measured against a fall in the client base.

## Policy Unit

This unit comprises a person seconded from the Bank of Botswana and two outside consultants, one who has since completed his assignment, and a secretary. There has been limited success due to this being a new initiative and the lengthy process in setting up the system with critical and adequate data. A well-resourced and independent ERU, similar to SACOB, can be an advantage to any chamber of commerce but the obvious concerns would be the scope of the activity, the duplication and overlapping with similar resources, the type of resources that are adequate for the organisation's focus and role and the level of effort necessary to achieve its goals. In this light, donor-funded generation of BOCCIM policy documents in the past have been extremely useful but this process in the future may need to be sustained through other ways. In support of retaining this activity, the following proposals should be considered:

- have a body, such as the Bank of Botswana, sponsor the incumbent in lieu of its membership and for her to work in tandem with the bank's own established resources,
- the secretary, who may be superfluous to the ERU's needs, be either trained as an assistant and utilised in other organisational capacities or retrenched (she currently represents 26% of ERU's costs);
- get those sectors, requesting special research to be undertaken on their behalf, to raise the funding for such research;
- develop a subscription system for a quarterly economic research booklet; and
- advertising, printing and stationery costs should be recovered through advertising revenue from the booklet.

The majority of the ERU's expenses is employment costs (89%) and this represents the real critical hurdle to be overcome for its survival.

## Industrial Relations

There is presently no incumbent for this department and the work is currently undertaken by other staff members at head office and the field officer in the Francistown outreach office. In a recent survey undertaken by the ERU labour relations assistance was in the top five services utilised by members, regardless of size. There are obvious concerns, as shared by staff and the members themselves, that this function is, although critical for small and medium businesses, time consuming and does not bring in any income for the organisation. Perhaps its popularity is to a great extent based on the 'no charge' element. To retain this activity, the choice would either be to employ a specialist in the field or to use cost-effective means instead.

When assessing a new employee, one must remember that the previous incumbent cost the organisation P55 000 per annum exclusive of other ancillary costs with no income generated in the department. Unless there is financial support to cover a new recruit with expenses, amounting to, say, P70 000, the obvious route would be to use more cost-effective means. Proposals in this regard include:

- utilise the established manual developed by the organisation as a source of reference for members;
- interpretation of cases should be done by experts in the field rather than by 'laymen', due to the absence of a specialist, and a record of such experts, who are preferably members, should be passed onto the members utilising this service;
- regular columns on interpretation of cases can become part of the newsletter;
- for members who cannot afford to pay, consider approaching corporate sector members for the services of their own industrial relations department; and
- consider utilising a preferred consultant at a discounted rate as and when needed by members but payment be handled between the consultant and the member concerned.

The net effect is that a downscaling of this activity reduces inefficient time and money spent on a non-remunerative task and creates opportunities for members specialising in the field.



## Outreach Offices

The two outreach offices in Gaborone and Francistown are BOCCIM's thrust into small business development and support for the regional business councils. The concerns of these offices are summarised in 4.2 which belies the important work done in launching a number of income-generating projects such as the flea market, small business insurance, debt collection and pre-financing handbooks (which were in the process of being launched), the Small Business Week and the Northern trade fair. The costs of such projects presently outweigh the returns but there is a commitment to make them work. Obvious considerations that need to be taken into account are the proper focus, the cost factor, well-considered and tested proposals before ventures are implemented and the level of impact. The added activity of the outreach offices, which are also satellite secretariat offices for the membership, is the support given to regional business councils. As an option to continue with the utilisation of the outreach offices, we suggest:

- have the outreach officers report to both the small business committee and the executive council on their activities at all their meetings;
- a member of the secretariat must attend regional business councils meetings with them to strengthen communication, co-ordination and the membership itself;
- feature members from the regions or the successful regional business councils in the newsletter to maintain interest;
- reduce travel costs and time of outreach officers in collecting membership dues by either implementing a debit order system or delegating the task to heads of business councils (peer pressure);
- increase membership and revenue from the informal sector by including a minimal charge within the weekly rental paid by the flea market tenants;
- extend the small business insurance scheme to include medium and large businesses and also as a way to attract non-members for possible membership;
- continue to investigate the potential of launching a membership directory and getting returns on the sale of mailing lists;
- have the Gaborone outreach office operate out of head office in order to save on rentals;
- provide computer support in order to strengthen data collection as the offices presently exist without computer facilities;

- capitalise by taking the lead in small business development by effective networking, drawing in resources, encouraging membership, advocating policies in speeches and relations with government and thus growing the membership; and
- investigate financial support from corporate members in the northern region for the northern office.

In both outreach offices, employment costs are the only expenses not covered by the income generated. As they are important activities in generating small business membership and currently P89 590 comes from existing small business membership, a profit of P30 000 for the year would need to be generated through projects to sustain these offices.

### **Public Relations**

The public relations function is a key component of any membership-driven organisation. In most instances the heads of organisations are projected as the face of the organisation and it is not quite apparent if this is the case in BOCCIM. It is also the department entrusted with communication and development of good relations with the membership that it is critical to the promotion of membership services. It currently incurs a small loss on its activities, but since it is critical to the overall profitability of a number of cost centres, there would need to be serious stock taken of developing greater returns on its projects. To this end the following proposals are put forward:

- hold more regular staff meetings (they have been irregular in the past year), to allow for greater co-ordination and reporting which would spur the activity within the PR department;
- concentrate on increasing media visibility of the president and the director, speaking on key policy issues and membership;
- there is much room for improvement in the newsletter in that it can serve not only as an informative tool but as a leading publication on economic opinion;
- there is room for improvement in running a more successful conference and even incorporating a businessman/woman of the year function; and

- although salaries form the greatest portion of the department's expenses (73%), there is a need for more resources and this can be achieved in tandem with other membership-driven departments such as B-Map and the outreach offices.

Although this department is not quite breaking even, the above proposals serve as opportunities to make this department more productive.

### Training

This is a core service within BOCCIM and an important activity critical to Botswana. It is primarily donor-funded which amounts to 60% of all donor funds to BOCCIM and 84% of the training department's total revenue. Without donor funding it would reflect a 41% deficit and to continue with this activity, the following proposals are put forward:

- training fees be increased to recover the costs which could result in a fall off in activity and the vagaries of competition;
- the secretarial convention, excluding salary costs, has brought in a profit of 30% (P23 958) encouraging a need for a few more similar conventions;
- the scholarships, which are totally donor-funded, be revisited in terms of their necessity in relation to affordability or whether they be turned to advantage as an incentive in charging a higher training fee;
- each course currently presented would need to be examined independently to determine its viability so that BOCCIM can concentrate on the more successful and profitable courses; and
- there is always the obvious alternative of corporate members subsidising courses in their particular field as it does create a reservoir of human resource talent.

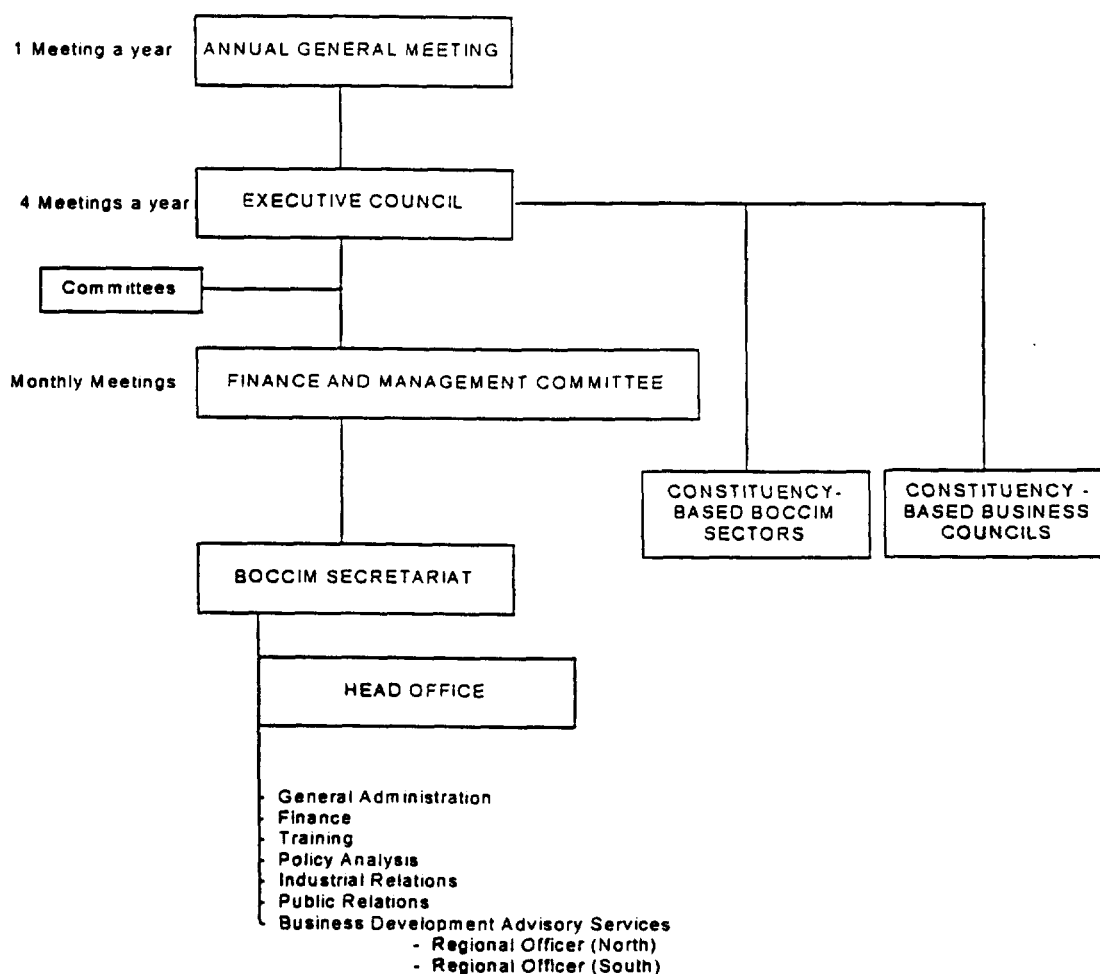
In addition to recommending proposals to retain the current activities, BOCCIM would also need to implement the following proposals in relation to its structure, executive council, committees, secretariat and human resources:

### 5.1.2 Structure

The current structure, somewhat fragmented, should be changed in line with the following proposals:

- the regional business councils, supported by the outreach offices and secretariat, can be gradually developed and brought close to the organisation but this would entail having the head of a regional business council sitting on the executive council; and
- the sectoral affiliations be reduced to encompass only the active ones so that their representatives sit on the executive council properly mandated and constituency-based

This structure would be reflected as follows:



## Executive Council

In line with similar membership-based organisations, there is room for improvement in retaining the current executive council. This can be achieved by:

- representatives properly mandated from constituency-based regional business councils and sectors - this entails that the affiliates must be comprised of members who would be able to constitute a body, hold meetings, elect office bearers and give mandates;
- excluding the need for 4 specially appointed representatives but have the option to co-opt chairmen of key committees not represented on the executive council;
- reduce the number of meetings to once-a-quarter and concentrate on dealing with policy issues and reports rather than management issues;
- notices and agendas be sent out at least 21 clear days in advance;
- develop a number of key resolutions once a year, through the affiliates, for presentation at the annual general meeting to develop commitment and goal-oriented activity - at subsequent annual general meetings these resolutions would be assessed by the general membership;
- be strict about affiliates, committees and the secretariat submitting their annual reports for inclusion in the organisation's annual report; and
- there is also room for improvement on the constitution especially on meeting issues.

## Committees

The key committee is the Finance and Management Committee. This committee is expected to attend to the management decisions of the organisation outside of policy. Their role is to facilitate the process between the executive council and the secretariat. A few proposals for its greater efficiency are put forward:

- meetings be held monthly without fail with notices and agendas sent out at least 14 clear days in advance;
- be stringent on getting monthly reports from all cost centres within the secretariat and not just the financial report; and

- to revisit clause 13.2 of the constitution to ensure that it is meeting its expected duties and functions.

The other established committees (B-Map, policy, small business and training) as well as any other newly-created committees follow the same principles on meetings, although these would more likely be held on an ad hoc basis, and with the added duty to report to the executive council on a quarterly basis.

### **Secretariat**

A key focal point of the organisation is the secretariat composed of the director and his deputy. Areas for improvement in retaining the current status quo are:

- redefine the job descriptions of the incumbents by not letting the deputy being an assistant to the director but he has his own portfolio potentially in the area of membership services and human resource management;
- the director assumes a more 'hands on' approach and that areas such as policy, public relations and corporate and government interface be key responsibilities;
- a performance management system be instituted;
- instil a system of strict monthly reporting by all cost centres;
- instil a sense of professionalism and efficiency in the running of the organisation particularly in meeting arrangements, reporting and carrying out of delegated talks; and
- develop a work and meeting programme annually and be strict on keeping this schedule.

### **Staffing**

This is a major area of concern and to examine retaining the current status quo, a human resource development plan needs to look at certain retrenchments and greater utilisation of staff to address duplication and overlapping of activities across functions. By implication, the Status Quo will have to reduce the number of staff in order to become financially sustainable. However, the staff likely to be retrenched would be the secretarial staff as the status quo option would require the maintaining of the current functions. To this end it is

likely that only three secretaries could be retrenched. The saving would amount to approximately P43 000.

It must be noted that no costs of retrenchments have been analysed and where these occur, they will be outlined in our budgeted figures for the chosen option.

## **5.2 Advocacy and Lobbying Options**

The key elements of this option are:

- a) Putting a greater focus on advocacy and lobbying;
- b) Doing away with a number of core activities; and
- c) Utilising resources to bolster advocacy and lobbying.

In addressing this option one would need to reflect on international chamber benchmarks covered in 4.2.3. Each of the benchmarked organisations were active in advocacy and lobbying but each having different levels of resources applied to such a function. The two most obvious examples for this option are the National Federation of Independent Business (NFIB) and the South African Chamber of Business (SACOB). The reasons and methodology for each are different. Looking at NFIB, the following points apply:

- advocacy and lobbying are regarded as key benefits in the United States as many examples exist of similar type organisations there with NFIB featuring in the top ten;
- many organisations are issue-driven and a narrow focus such as small business for NFIB makes it easier to play an advocacy and lobbying role; and
- high political acceptability and credibility are obvious goals for advocacy and lobbying bringing recognition and political persuasion for a body of opinion.

Looking at SACOB, the following points apply:

- advocacy and lobbying are regarded as a key activity at national level moreover than at regional and local levels as most members affiliate at those levels;

- it is important not to duplicate services and activities at the national level but to add value through an advocacy and lobbying role; and
- a national and international image together with high political acceptability and credibility are more easily attainable through advocacy and lobbying activities due to greater application of resources not confined strictly to membership services.

It appears that there are similarities between SACOB and BOCCIM which would not require too many structural changes. The viability of this option is outline below.

### 5.2.1 Strategy

Botswana needs a body to speak on behalf of the private sector. In examining the membership profile of BOCCIM, we note that it is made up of the corporate sector, large businesses having more than 100 employees, small and medium businesses having less than 100 businesses, some informal businesses, a few parastatals and some associations. It thus represents a wide body of opinion with diverse needs and interests. Established associations and the corporate sector practically have their own programmes, activities, services and contacts. In most cases their interest in BOCCIM is to encourage advocacy and lobbying for the private sector. This activity is seen as one that complements what they already have in place and this was borne out of interviews conducted and various inputs at the workshops in Gaborone and Francistown.

For BOCCIM to pursue an advocacy and lobbying role, the following proposals would relate to its strategy:

- the focus would change from applying enormous resources to a whole host of core activities but to bolster its new role;
- the membership profile could change with those members, such as small business, joining groups such as SEPROT to garner small business assistance but utilising BOCCIM to advocate policy and lobby on their behalf;
- the 6 core activities would largely fall away to be structured in a different manner with personnel employed in key portfolios in support of this role;



- all the membership-type services would dovetail down to the sectoral and regional affiliates and BOCCIM would play a co-ordinating role;
- the extent of membership fees must change to give greater returns to the affiliates that administer members' needs with a percentage being applied to the advocacy and lobbying role (see SACOB);
- a very strong SACOB look-alike (see benchmarking) would take shape with the current structure in place;
- membership by the major corporations is likely to be maintained and this would serve as the obvious reservoir for sustainability, as is the case with SACOB; and
- obvious cost savings would be in the areas of the outreach offices, B-Map, Industrial Relations and Training.

An attempt is made below to mirror this role, as in the case of SACOB, with the current BOCCIM activities.

### **Small Business Development**

B-Map and the outreach offices are currently servicing this area. Total expenses applied in this area amount to P413 275 with a total deficit on income, devoid of donor funding, of 193%! Small business subscription revenue amounted to P89 590. If an advocacy and lobbying role was pursued, the proposals would be:

- the northern outreach office, costing P240 127 and generating revenue of P168 172, be incorporated as a northern regional business council with its own programmes and funding to make it sustainable;
- the southern outreach office costing P71 508 and generating revenue of P25 000, be incorporated as a southern regional business council on the same basis;
- the B-Map office be closed and the incumbent be drawn into the head office as the officer in charge of small business policy and advocacy - savings would be made in rent, two secretaries and telephone of about P35 000 in total;
- of all membership subscriptions paid to regional business councils and sectoral affiliates, 20% be paid to BOCCIM allowing 80% to be utilised for their own sustainability;

- associations, corporate members and parastatals would continue to pay their normal subscriptions with room to utilise corporate financial support for key programmes;
- more time would be available for the new small business development officer to attend forums, meetings with government, small business conferences and small business activities without being bogged down by small business counselling;
- Small Business Week and the flea market activity can be co-ordinated by the new southern regional business council; and
- the new small business development officer would be in a position to generate policy position papers and input into the president's speeches.

### **Policy Unit**

Policy formulation and economic research are critical resources for the area of advocacy and lobbying and the same strategies for the status quo option would apply here. There would probably be a keener interest by the corporate sector or a parastatal to support the unit in this new role. Policy position papers and inputs into speeches and publications would be the main emphasis with less activity in data collection unless the means justified the case.

### **Industrial Relations**

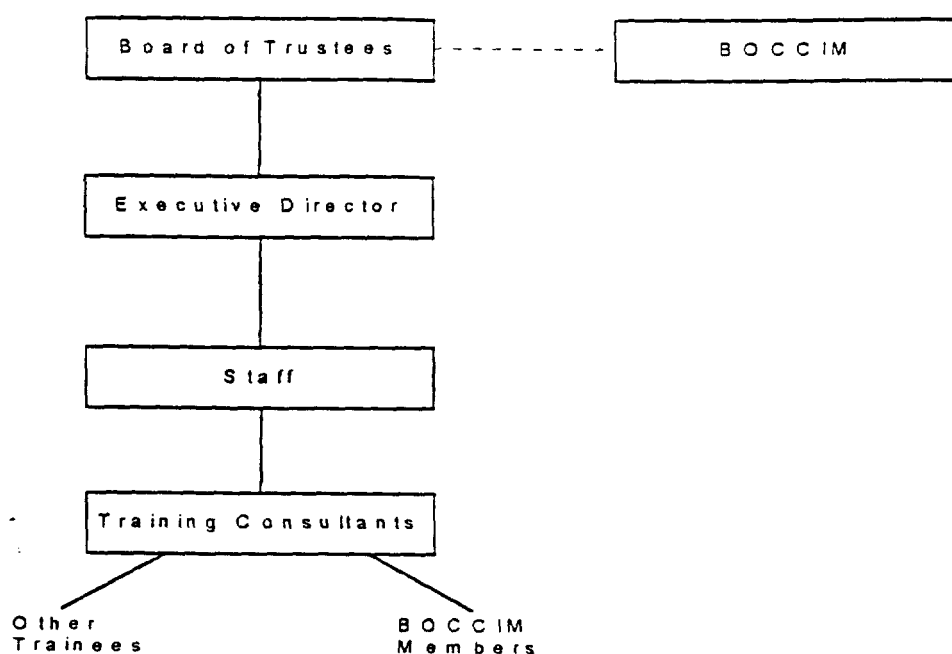
The same strategies that applied to the status quo option would apply here.

### **Training**

This activity would fall away in line with the new role making a cost saving of P263 212 or deficit saving of P76 158. Ideally, a new training entity should be formed similar to NAFCOC's Management Leadership and Development Centre (see Benchmarking) or the activity should be accommodated within a similar established institution

The new training entity would operate as follows:

- a new association not for gain would be formed with its own board of trustees drawn from BOCCIM and prominent business and community leaders who would meet on a quarterly basis;
- an executive director, being the current training officer, and the existing staff be appointed to run the entity and reporting directly to the board on a quarterly basis;
- as BOCCIM representatives would be on the board, the reports would be submitted to BOCCIM's executive council through them;
- the operation would be run as it is done currently with the executive director taking overall responsibility;
- the executive director would be responsible for sourcing funding and meeting the costs of the entity;
- all training opportunities and leads coming through BOCCIM would be passed onto this new entity and BOCCIM, in its advocacy and lobbying role, would promote this entity;
- any profits and losses incurred by the entity would be for the entity's own account;
- the entity would have its own constitution, rules and contracts and operate in its own name; and
- the relationship between the entity and BOCCIM would be synergistic with the entity's board operating independently of BOCCIM. A structure for the training entity would be as follows:



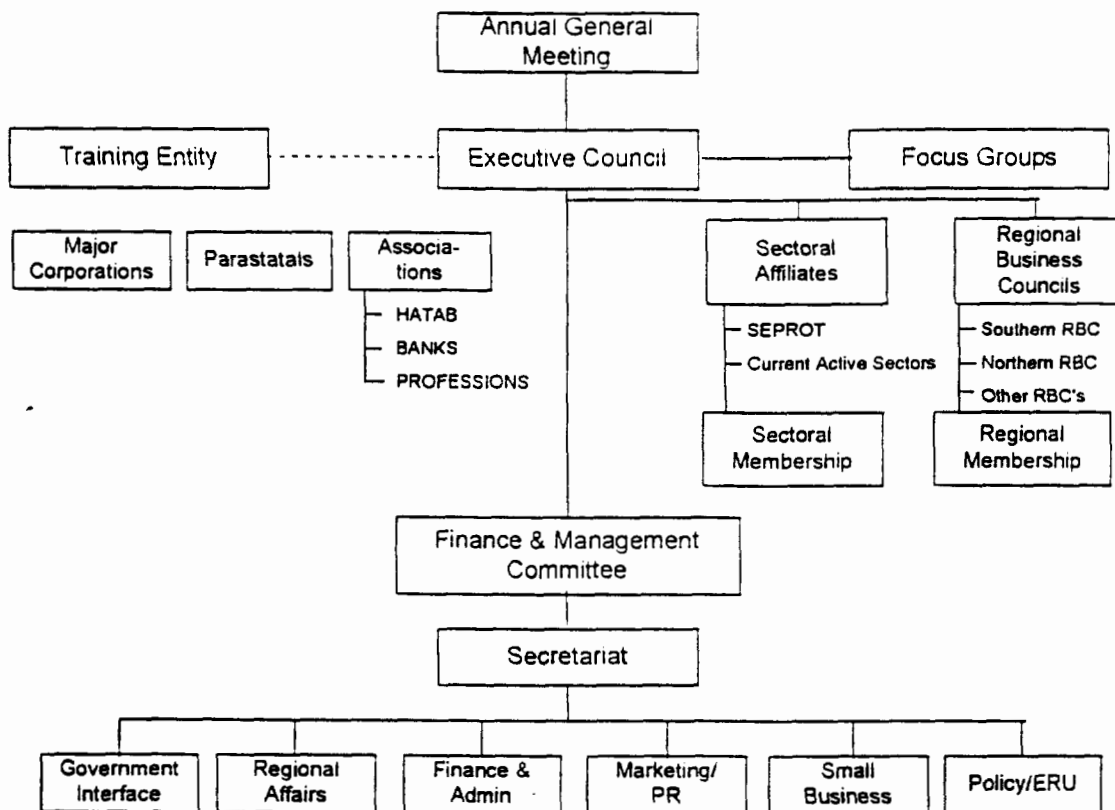
### 5.2.2 Structure

No significant changes would occur in the current structure except that more independence and self-sustainability would be passed onto the regional business councils and sectoral affiliates. There would also be the added development of issue-driven committees (see SACOB) to create greater commitment from affiliates. In reviewing the benchmarked organisations having advocacy and lobbying as a prime focus, a simple structure is utilised for effective mandating and communication to make the process speedy, responsive and credible. In this regard, the following proposals are recommended:

- the regional business councils and sectoral affiliates develop their own autonomy with the ability to collect their own dues, administer their bodies, incorporate membership services and second representatives to serve in the national body;
- the associations, parastatals and corporate members would be an integral part of the national body;
- of all membership subscriptions paid to regional business councils and sectoral affiliates, 20% be paid to BOCCIM allowing 80% to be utilised for their own sustainability;
- associations, corporate members and parastatals would continue to pay their normal subscriptions with room to utilise corporate financial support for key programmes;

- that sectors are divided into associations (established bodies which are members and are potential members like professional bodies having their own administration and services) and sectoral affiliates which are currently loose coalitions representing their sectoral issues and not yet formed into associations but needing a percentage of their membership fees to develop their administration capabilities and membership services outside of advocacy and lobbying;
- the executive council, financial and management committee and the other committees (which could be termed focus groups since they would be issue-driven) would exist as currently; and
- key personnel now forming part of the secretariat would play an active role in the focus groups (see SACOB).

## Institutional Structure - Advocacy and Lobbying Option



### Executive Council and Financial and Management Committee

The proposals for the status quo option would apply here.

### Focus Groups

Focus groups would assume the current role of the committees except that they would be issue-driven and hold meetings on an ad hoc basis. As with SACOB, these focus groups would be bodies of expertise to assist the organisation in its new role. They would also report directly to the Executive Council on a quarterly basis.

In order to be issue-driven key portfolios would need to be developed within the secretariat to create an effective resource to these focus groups. The most obvious portfolios would be economic and trade policy, small business and government interface. Sectoral issues would

draw on the personnel most closely linked with the issue. A proposal would be for the affected personnel to co-ordinate committee meetings with the appointed chairman.

### Secretariat

As with the status quo option, job portfolios would need to be developed for the director and his deputy and where such portfolios necessitate participation in affected focus groups, they would need to be present in such deliberations. Addressing similar functions in SACOB in relation to BOCCIM, potential job portfolios would be as follows:

Director	-	Government Interface
Deputy Director	-	Regional Affairs

### Staffing

Further to the proposals in the status quo option, the following staff complement would be necessary for an advocacy and lobbying role:

Financial Administration	-	Chief Accountant, Accounts Clerk, Receptionist, Messenger-	Cost P127 000
Marketing/Public Relations	-	PR Manager, Secretary -	Cost P 55 000
Small Business	-	SB Development Officer	Cost P 40 000
Economic/Trade Affairs	-	Economist, Assistant/ Secretary	- Cost P 65 000
Labour affairs	-	PR Manager	- Cost P -
Functions	-	PR Manager	- Cost P -
Government Interface	-	Director, Secretary	- Cost P168 000
Regional Affairs	-	Deputy Director	- Cost P 95 000

Some activities would involve the director (in public relations) and the deputy director (small business). In total 12 personnel would be employed at a cost of P550 000 per annum against a current cost of P676 926 per annum.

### 5.3 Commercialisation Option

In addressing this option, the key points would be:

- a) Reducing some of the current activities and doing away with ineffective services and programmes;
- b) Streamlining the structure and administration;
- c) Incorporating new services and programmes that have been successful in other organisations and would fit into the Botswana environment; and
- d) Incorporating a change from a non-profit to profit philosophy.

The essence of this option is that, as an organisation representing business interests, there is an obvious lack of business acumen applied to make the organisation bottom-line successful. If the organisation was treated as a business, key attention would be applied to customer service, cost savings, optimal human resource deployment, marketing, aggressive sales policy, optimal utilisation of assets, bottom-line profitability and no dependence on handouts. In the benchmarking exercise, NFIB applied a high commission-orientated membership drive to build a strong membership base and financial sustainability whereas NAFCOC applied a high return for a low membership fee to achieve the same goal. BOCCIM's dependency on donor-funding has made it vulnerable to adverse economic conditions when such funding is discontinued as well as to the potential return of competition. A P600 000 potential loss (47% of income) without donor funding is a serious indictment of this development. In order to consider a commercialisation option, a totally new strategy is proposed.

#### 5.3.1 Strategy

The new strategy in support of a commercialisation option would be:

- revamp the activities and apply profit motives to them and discard those activities that cannot make a return;
- streamline the administration by cutting out unnecessary expenses and redeploy, retrench or employ new staff to add value to the organisation;



- restructure the organisation if necessary to reflect the new approach or streamline to make greater returns with less resources;
- if there is too much effort spent in getting low returns from a core activity it may be feasible to either sub-contract or link it to an external initiative and earn an 'agency' fee;
- there is a lot of merit in earning commission in many ways through activities with a minimal of effort;
- arrangements between suppliers and customers who are both members who create returns for all; and
- bring in new and innovative schemes that can show a profit.

As part of this strategy, a review was made in 4.1.2 assessing the current membership services that formed part of the stated activities. As recommendations to revamp existing services and introduce new ones, such proposals have been made in 6.4.

### *5.3.2 Structure*

As with the advocacy and lobbying option, more independence and self-sustainability would be given to the regional business councils and the sectoral affiliates. With this approach these affiliates would have the ability to collect their own dues, administer their bodies, develop benefits and services for their members and second and mandate representatives elected to the national body (BOCCIM). Proposals in this regard would be as follows:

- the regional business councils and the sectoral affiliates have their own autonomy;
- the regional business councils be composed of the current northern outreach office, which becomes the Francistown regional business council, the current southern outreach office, which becomes the Gaborone regional business council, the regional business councils that are presently active (Kanye, Lobatse and Selibe-Phikwe) and any others that develop over time - the motivation for this formation is to develop strong constituencies with close ties to their membership having the ability to hold regular meetings, elect office bearers and provide an effective mandating and communication process;

- membership subscriptions of members in the regional business councils be paid directly to those offices of which 80% of such subscriptions be maintained for their own sustenance and 20% remitted to the national body (BOCCIM);
- the sectoral affiliates be composed of established bodies with the ability to run their own operations and whose needs are more related to advocacy and lobbying rather than membership services and would thus have the ability to fund such a role on a much higher scale than the regional business councils - such bodies would be the established associations (HATAB), major corporations (Anglo American), parastatals (Bank of Botswana) and professional associations (accountants). Businesses not affiliated in this manner would form part of the regional affiliates; and
- business opportunity centres be attached to each of the regional business councils to assist them in the delivery of membership services, administering their activities, organising meetings and generally doing what is currently being done by the outreach offices - the motivation for this is that they perform the functions of the secretariat, relieve the burden of the office bearers, strengthen the regional business councils, are generally staffed by one or two people, are popular concepts in South Africa and the United States, can be self-sustainable through various membership services and are currently concepts popular with bodies such as CIPE, Swedecorp and the International Development Trust.

### **Executive Council**

Proposals in this regard would be:

- regional and sectoral affiliates elect and mandate their own representatives for the Executive Council - in the case of the parastatals and the major corporations, the executive council would need to determine an agreed number of representatives to sit in the council representing their particular interests;
- meetings of the Executive Council be held once a quarter and concentrate on dealing with policy issues and reports rather than management issues;
- notices and agendas be sent out at least 21 clear days in advance;
- develop a number of key resolutions once a year, through the affiliates, for presentation at the annual general meeting to develop commitment and goal-oriented activity;

- be strict about affiliates, committees and the secretariat submitting their annual reports for inclusion in the organisation's annual report; and
- focus groups similar to the advocacy and lobbying option, would be attached to the Executive Council - there should also be the leverage to co-opt outside expertise on a voluntary basis to strengthen the input within the focus groups.

### **Financial and Management Committee**

This committee would remain as it is and perform the functions outlined in the constitution.

### **Secretariat**

For the commercialisation option to succeed, the secretariat would need to restructure itself and its activities in order to create self-sustainability, effective and efficient utilisation of resources and a strong business philosophy. To this end a number of key departments are proposed:

**a membership services department** that would entail

- bringing the current B-Map incumbent, the public relations officer and his secretary into this department to attend to the servicing of the members - this would create cost savings by overcoming the previous fragmented approach;
- their activities would involve supporting the business opportunity centres, developing membership services, organising functions and conferences, negotiating deals to the benefit of members, communicating with the membership and strengthening the public relations role all with the intention to create returns and the organisation's self-sustainability - uneconomic activities would be dispensed with;
- the incumbents would report to the current Deputy Director who would head up this department;
- a number of key inputs would need to be made into the focus groups by this department in areas such as small business and one of the officers would be expected to play a role in such focus groups; and
- there would be a responsibility for increasing membership in a whole host of ways.

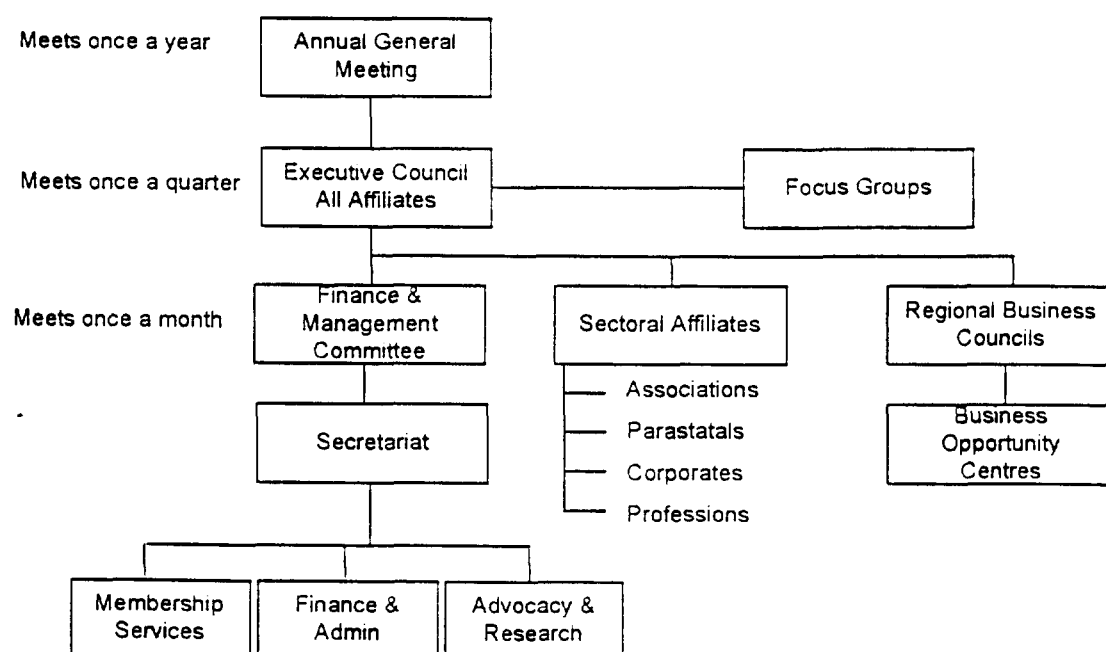
a **finance and administration department** that would entail attending to the organisation's financial management, administering membership dues, producing monthly and annual financial statements, administering the office and the cost centres and developing the budgets;

an **advocacy and research department** that would entail

- bringing the current economist and her secretary into this department to focus on supporting the advocacy role and conducting research;
- being utilised as a consultant to agencies, sectoral interest groups and the government for a fee;
- develop position papers in support of BOCCIM's various policies;
- sourcing financial support for this department from the corporate sector or parastatals in lieu of membership;
- developing a number of self-sustaining activities such as economic bulletins;
- contributing to the newsletter and the media on economic issues;
- playing an active role in focus groups concentrating on key economic issues;
- downscaling uneconomic activities that do not add any value and rather link up with other institutions in the field to achieve the same results; and
- feed into the speeches of the director and the president on economic issues.

A key change in the current format would be that the **training department** become a separate entity, as outlined in the advocacy and lobbying option, and that BOCCIM utilises its financial and administration department to administer this entity as a resource for an administration fee. Furthermore, the membership services department offers training as a service to the membership, passes the leads onto the training entity and gets a commission for this. If the training entity utilises the B-Map person (now part of the membership services department) or the economist, a special fee should be charged for their time. Likewise, conferences held by other bodies for a profit need to pay key personnel, especially the director, a recommended fee for their time and effort in preparing speeches with such fee forming part of the organisation's income.

## Institutional Structure for Commercialisation Option

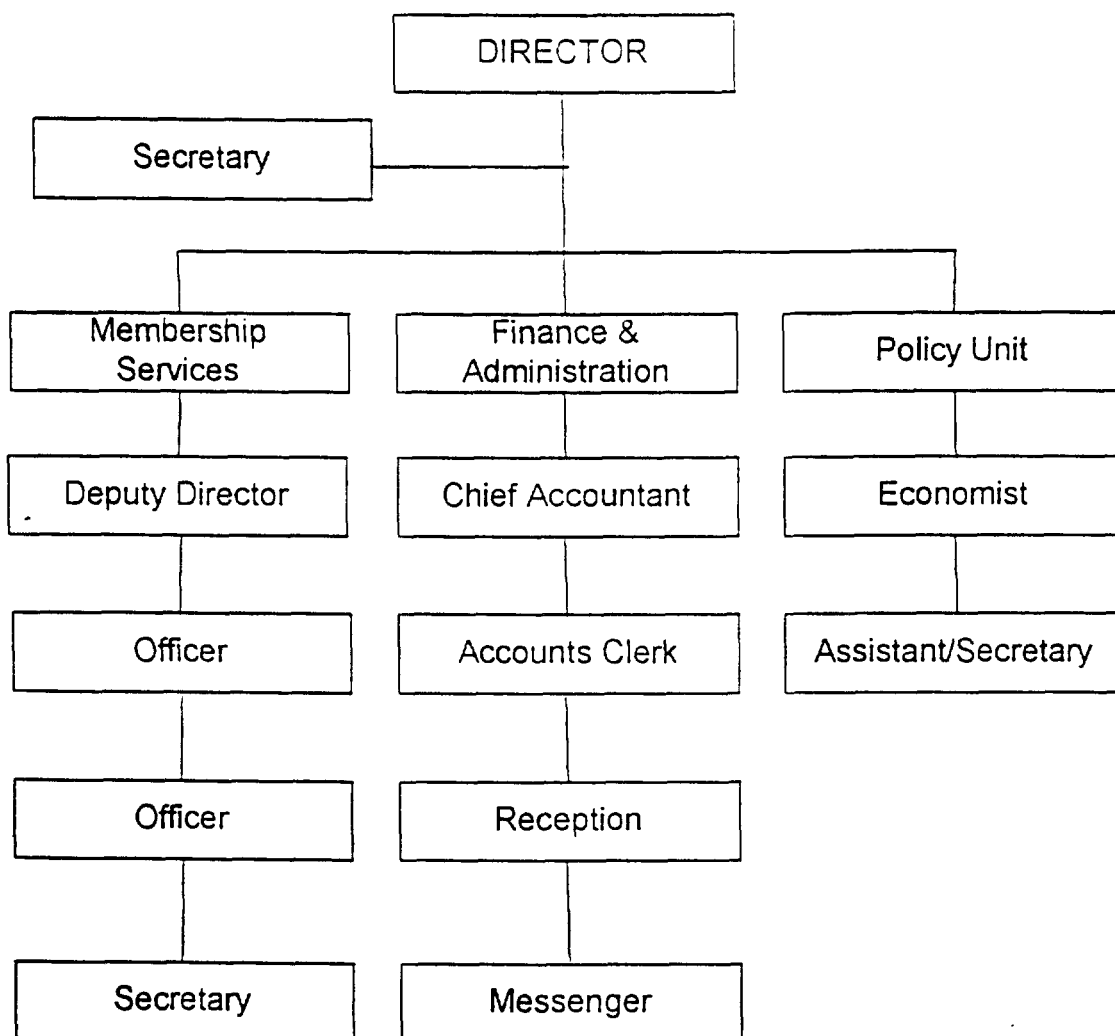


## Staffing

A key function here is management of the human resources and this would be the responsibility of the director in addition to the overall responsibility for the organisation's administration. The position of the Deputy Director should be re-directed in favour of using the incumbent in a more proactive role which is directly linked to the future sustainability of the organisation - such as in a membership services role. The staffing of the organisation would therefore be as follows:

Executive	Director, Secretary	Cost P168 000
Membership Services	Deputy Director, 2 Officers, Secretary	Cost P190 000
Finance and Administration	Chief Accountant, Accounts Clerk Receptionist, Orderly	Cost P127 000
Policy Unit	Economist, Research Assistant	Cost P 65 000

This equates to 12 people employed at a cost of P550 000 per annum.



#### 5.4 Conclusions

Having put forward options, based on our findings and benchmarking of similar-type organisations, that BOCCIM should consider in the light of the withdrawal of donor funding and attempting to develop the options that meet the criteria agreed upon in 3.3, let us reflect on the comparisons with each of the options.

## Status Quo

Area	Comments	Possible Remedies								
Role and activities	<p>A downscaling and restructuring of activities to accommodate the broad role creates some savings but can create a fall in membership especially small business</p> <p>The broader role would continue to put burdens on the secretariat and strain the organisation's resources</p>	<p>Alternative sources of funding required for unsustainable activities with the obvious routes being corporate sponsorship, consulting costs recovery, new revenue generators, increased fees for some activities and greater PR activity. The broader role is refined in some areas such as industrial relations towards advocacy and creating better linkages between small business and the executive council</p>								
Structure	<p>Affiliates become more constituency-based and dormant ones fall away</p> <p>Areas of policy and management demarcated for greater efficiency</p> <p>Secretariat functions redefined and greater focus on effective management</p> <p>A few retrenchments (3 secretaries) may occur but duplication and overlapping would also be overcome resulting in some savings</p>	<p>A phased out retrenchment approach would be necessary</p>								
Financial Sustainability	<p>Savings would be made in:</p> <table><tr><td>B-Map</td><td>P18 000</td></tr><tr><td>Outreach Offices</td><td>P14 500</td></tr><tr><td>3 Secretaries</td><td><u>P43 000</u></td></tr><tr><td></td><td><u>P75 500</u></td></tr></table> <p>Possible additional income is presently difficult to quantify but, say, 10% of present income equates to P129 000, the total deficit would still be P400 000.</p>	B-Map	P18 000	Outreach Offices	P14 500	3 Secretaries	<u>P43 000</u>		<u>P75 500</u>	<p>Potential cost recoveries and fall in travelling expenses could add to the savings</p> <p>The scope of current and new programmes for revenue have not been adequately assessed but they alone would not be able to sustain the current activities and corporate sponsorship should be sought</p>
B-Map	P18 000									
Outreach Offices	P14 500									
3 Secretaries	<u>P43 000</u>									
	<u>P75 500</u>									
Members Needs	<p>B-Map and industrial relations would be downscaled and training fees increased but new programmes would create greater interest</p>	<p>A new commitment to a strong membership drive is needed and this can be achieved between B-Map, outreach offices and the public relations office</p> <p>Training fees can be gradually increased and BOCCIM concentrates on the more successful and profitable courses.</p>								
Acceptability with Government	<p>No real change in the broader role but efficiency and effective management would strengthen relations</p>									

Area	Comments	Possible Remedies
In-house Capability	A redefined job activity within the secretariat and the strengthening of links with outside staff would develop effective management. Duplication and overlapping of activities would be overcome	
Contribute to private sector development	A greater emphasis would be achieved by developing some approaches to add to what is already in place such as an economic bulletin, proactive regional business councils and effective networking with small business	

### Advocacy and Lobbying Option

Area	Comments	Possible Remedies
Role and Activities	<p>A restricted focus by delegation of membership services to affiliates creates enormous savings but would alienate many members particularly small business</p> <p>Membership by the major corporations would be more significant thus growing the revenues to balance against loss of revenue from small business</p> <p>The limited role would relieve the burden on the secretariat and create substantial savings</p> <p>The policy unit would get more financial support because of its focus and of its prime benefit to the corporate sector</p>	<p>The regional and sectoral affiliates need to be effectively developed during a phasing-in period to cater for alienated members</p> <p>Affiliation by SEPROT and others would add to the numbers and cater for areas neglected by BOCCIM</p>
Structure	<p>Affiliates become autonomous and constituency-based with ability to attend to own administration but teething problems could create difficulties</p> <p>Committees would become issue-driven focus groups</p> <p>Superficial sectoral affiliates would fall away</p> <p>Secretariat functions redefined concentrating on core areas but retrenchments would be at least 50%</p>	<p>A phased in process with involvement by the outreach officers would be necessary</p> <p>A phased out retrenchment approach would be necessary.</p>



Area	Comments	Possible Remedies												
Financial Sustainability	<p>Savings would be made in the following areas:</p> <table><tr><td>B-Map</td><td>P 35 000</td></tr><tr><td>Outreach Offices</td><td>P118 000</td></tr><tr><td>Training</td><td>P 76 000</td></tr><tr><td>Other Staff</td><td>P 15 000</td></tr><tr><td>Telephone - H/O</td><td>P 7 000</td></tr><tr><td></td><td><u>P251 000</u></td></tr></table> <p>A deficit of P360 000 would then need to be met out of increased membership</p>	B-Map	P 35 000	Outreach Offices	P118 000	Training	P 76 000	Other Staff	P 15 000	Telephone - H/O	P 7 000		<u>P251 000</u>	Corporate sponsorship must be increased and the fall-off in revenue going to the affiliates needs to be compensated by increased membership through services by the affiliates
B-Map	P 35 000													
Outreach Offices	P118 000													
Training	P 76 000													
Other Staff	P 15 000													
Telephone - H/O	P 7 000													
	<u>P251 000</u>													
Members Needs	<p>Corporate membership would benefit but small business members would be dependent on the affiliates</p> <p>Core activities, especially training, would only be offered in affiliates</p>	<p>A phased-in approach with the use of the outreach officers to strengthen and organise affiliates coupled to a membership drive.</p> <p>Initial assistance would be given to those entities to effectively develop those services.</p>												
Acceptability with Government	The high level co-ordinating committee's role would be strengthened with resources applied to its issues thus winning support by government													
In-house capability	<p>Refined and focused job activities would develop efficiency and effective utilisation of resources</p> <p>Some skills would be nurtured to focus on new role but other skills would be lost</p>	Skills lost could be incorporated into the activities delegated out to training and the affiliates												
Contribute to private sector development	Contribution now having a limited focus would allow effective involvement in forums and interaction with government													

### Commercialisation Option

Area	Comments	Possible Remedies
<b>Role and Activities</b>	<p>A reactivated role would be creative in stimulating new activity but disposing of some core activities that are not sustainable</p> <p>The revamped role would focus the activity of the secretariat and create substantial savings</p> <p>The training activity would be developed into a separate entity thus alienating certain members</p>	<p>Those lost core activities could be accommodated by the affiliates</p> <p>BOCCIM representatives would serve on the board to keep the interest of those members</p>

Area	Comments	Possible Remedies												
Structure	<p>Affiliates become autonomous and constituency-based with ability to attend to own administration but teething problems could create difficulties</p> <p>Committees would become issue-driven focus groups</p> <p>Superficial sectoral affiliates would fall away</p> <p>Areas of policy and management demarcated for greater efficiency</p> <p>Secretarial functions redefined and concentrating on core areas but retrenchments would be at least 50%</p>	<p>A phased-in approach with involvement by the outreach officers would be necessary</p> <p>A phased-out retrenchment approach would be necessary</p>												
Financial Sustainability	<p>Savings would be made in the following areas:</p> <table><tr><td>B-Map</td><td>P 35 000</td></tr><tr><td>Outreach Offices</td><td>P119 000</td></tr><tr><td>Training</td><td>P 76 000</td></tr><tr><td>Other staff</td><td>P 15 000</td></tr><tr><td>Telephone - H/O</td><td><u>P 7 000</u></td></tr><tr><td></td><td><u>P251 000</u></td></tr></table> <p>A deficit of P360 000 would then be met out of newly-created membership services, administration fees and consultancy fees.</p>	B-Map	P 35 000	Outreach Offices	P119 000	Training	P 76 000	Other staff	P 15 000	Telephone - H/O	<u>P 7 000</u>		<u>P251 000</u>	<p>A fall-off in revenue going to the affiliates needs to be compensated by increased membership through regional and national services</p>
B-Map	P 35 000													
Outreach Offices	P119 000													
Training	P 76 000													
Other staff	P 15 000													
Telephone - H/O	<u>P 7 000</u>													
	<u>P251 000</u>													
Members' Needs	<p>Benefits would be generated both regionally and nationally but training and industrial relations absence may create alienation</p> <p>Business opportunity centres would be key resources in strengthening membership services in affiliates</p>	<p>Linkages need to be maintained with the training entity and labour consultants</p>												
Acceptability with Government	<p>The refined and revamped role would not make any difference at government level but a more resourceful policy unit can only add value</p>													
In-house capability	<p>Refined and focused job activities would develop efficiency and effective utilisation of resources</p> <p>Some skills would be nurtured in a more effective role but other skills (training) would be lost</p>	<p>Skills lost could be incorporated into the activities delegated out</p>												
Contribute to private sector development	<p>A reactivated role would add enormous value to the whole membership and to a truly representative private sector body.</p>													

All the above options were presented in the best possible light and tested against the key criteria necessary for their success.

It is the opinion of the consultancy that with all the strengths and weaknesses of each of the options, the commercialised option offers the best solution. A limitation of the status quo option is its enormous burden and financial challenge brought about by the scope of its role. The advocacy and lobbying option is too limited in that it would alienate some members and may have difficulty in generating sufficient income to meet its deficit. The commercialisation option by its nature offers the best solution as it combines the advocacy and membership services role with a downscaling in activity and resources giving greater autonomy to its affiliates which represent its lifeblood. To this end we proceed to our recommendation for a new-look BOCCIM.

## 6. RECOMMENDED OPTION

### ADVOCACY WITH COMMERCIALISED MEMBERSHIP SERVICES

#### 6.1 Role

BOCCIM is an independent national body representing private sector interests on a sustainable basis. This will be achieved through the rendering of appropriate services to its members, advocacy and lobbying and contributing to the development of the private sector.

#### 6.2 Mission

The mission outlined below was developed at the Francistown workshop. The option developed in this report is consistent with the mission.

*BOCCIM is an independent representative private sector organisation.*

*Its mission is to promote the sustained development of the private sector in Botswana. BOCCIM will accomplish this mission through credible representation of the views of its members to the Botswana Government and other relevant bodies in an advocacy and advisory capacity and through the provision of support services to its members and the business community generally on a financially viable basis.*

#### 6.3 Values

A definition of the most appropriate set of values for BOCCIM did not form part of this assignment. However, it has become evident throughout this consultancy that the question of values needs to be addressed. An ability to instil strong individual commitment to the corporate objectives contained in this document is a critical component of turning strategy into operation. To this end it is important to change the culture within BOCCIM to one of action and results orientation.

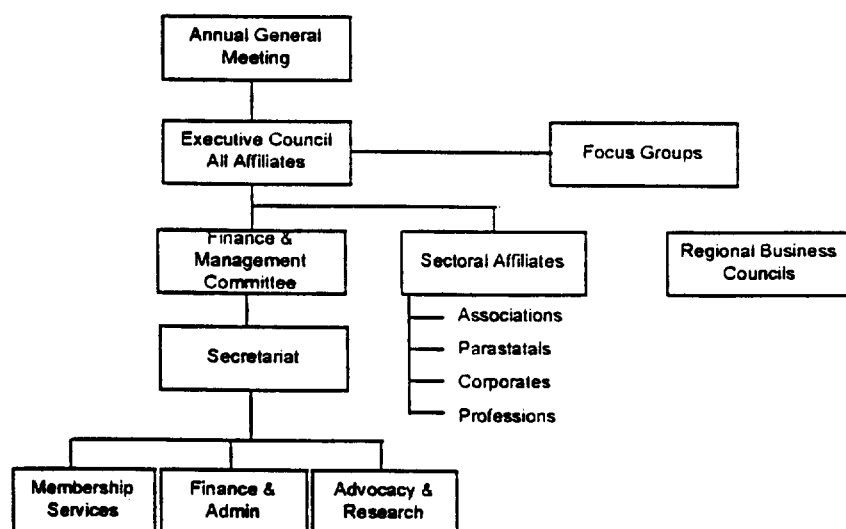
Organisations with a spirit of high performance typically are intensely people-orientated; and they reinforce this people commitment at every conceivable opportunity. They treat

employees with dignity and respect, train each employee thoroughly, encourage employees to use initiative and creativity in performing their tasks, set reasonable and clear performance expectations, utilise the full range of rewards and punishment to enforce high performance standards, hold managers responsible for developing the people who report to them, and grant employees enough autonomy to stand out, excel and contribute. To create a results-oriented organisation, BOCCIM will have to make “champions” out of the people who turn in winning performances.

BOCCIM should embark on an exercise to develop an appropriate set of values. This exercise should include all staff and should be combined with a process of informing staff of the changes encompassed in this document.

#### 6.4 Institutional Structure

**Figure 6.1: Recommended Institutional Structure**



#### 6.4.1 Executive Council

##### Role and Powers

The Executive Council is the supreme policy making body of BOCCIM. It will meet to review policy issues and give overall policy direction to the organisation. This implies that the Council will not concern itself with day to day management issues.

The Executive Council should receive quarterly reports from the secretariat and annual reports from the affiliates. Meetings would be held once a quarter and notices and agendas be sent out at least 21 clear days before a meeting. The Executive Council would develop a number of key resolutions, supported by the affiliates, for presentation at the annual general meeting to develop commitment and goal-oriented activity - these resolutions would need to be implemented and then assessed at a subsequent annual general meeting in terms of the goals set out

##### Composition

The members of the Executive Council must be representative of their constituencies and mandated accordingly. This means that they are drawn from affiliates that are able to hold meetings, administer their affairs, elect office bearers and give mandates thus discouraging representatives with individual interests.

Under a restructured BOCCIM, the Executive Council would comprise:

- The President and two Vice-Presidents
- The Director and the Deputy Director in their *ex-officio* capacities
- Other representatives drawn from associations, professional bodies, regional business councils, major corporations and parastatals for which numbers would have to be agreed upon
- There would not be any special appointments, as is now the case. However, BOCCIM would have the option to co-opt chairmen of key groups that would add value but in an *ex-officio* capacity.

#### 6.4.2 Sectoral Affiliates

The **sectoral affiliates** will be composed of associations serving a sectoral need (e.g. HATAB), big corporations (e.g. Anglo American), parastatals (e.g. Bank of Botswana) and professional associations serving sectoral needs (e.g. accountants). Businesses not part of an association would form part of the regional affiliates.

The motivation for sectoral affiliates to be constituted in this manner is that:

- It moves away from the current situation where sectors are created artificially
- Encourages existing associations, not presently affiliated to BOCCIM to take up membership instead of creating a duplication of an established sector
- It creates a constituency-based body that is able to subsist on its own, administer its own affairs, elect representatives and give mandates
- The advocacy role is boosted in that sectoral affiliates address membership services within
- Representatives put forward mandated representative views instead of individual views.

Key elements of the process for these affiliates would be:

- To submit annual reports on their progress and activities to the executive council
- Be responsible for their own administration and service to members.

#### 6.4.3 Regional Affiliates

Recommendations contained in this section should be pursued in the longer term (within ten years). It was agreed with the Reference Group that these recommendations are not a short term priority.

The **regional affiliates** will be composed of regional business councils developed in various areas serving regional issues rather than specific sectoral issues. The regional business councils would be responsible for their own administration and programmes, hold meetings, elect office bearers and give mandates. The outreach office in Francistown would be an ideal candidate to be converted into a Francistown regional business council.

Regional business councils would have their own staff, resources and ability to source funds locally and meet their costs. In order for this process to develop effectively, the current outreach offices could assist in implementing this function and already a good indication of support has been given by Swedecorp. Membership subscriptions for the local businesses would be paid to the regional business councils and 20% of such subscriptions would be forwarded onto BOCCIM to bolster its advocacy and lobbying role.

The motivations for the establishment of regional business councils are:

- Creates better communication and linkages to the membership on the ground;
- It removes the cost of administering members in remote areas by developing the system locally;
- It grows the organisation by creating more satellites;
- It gives autonomy and prestige to leaders in other areas;
- It creates competition between regions in terms of activity which in turn adds greater value to BOCCIM;
- It reduces BOCCIM's costs which are more evident from small business membership; and
- It removes the mentality of being 'Gaborone-focused'.

The recommendation agreed to by the Reference Group is that in the short term the Francistown outreach office would fall under the Membership Services Department and would be staffed by the incumbent and a secretary. In addition, the southern outreach office would be closed and form part of the Membership Services Department based in Gaborone.

#### *6.4.4 Focus Groups*

**Focus groups** would be linked to the Executive Council and operate on an ad hoc basis depending on issues to be addressed which may include sectoral issues. The council will nominate participants for such focus groups with the co-option of outside expertise. Some of the focus groups would be standing committees such as policy and small business whereas others would exist only as long as the issue exists. Focus groups are a major source of input to the policy unit and, by their volunteer nature, bring forth expertise



coupled to representative opinion that would normally be cost-prohibitive if done independently. There would be active participation by the staff involved in issues such as policy and small business, and they would be responsible for arranging and co-ordinating meetings. An important requirement would be for focus groups to submit quarterly reports to the executive council and an annual report for the annual general meeting. The executive council would nominate representatives for the focus groups although, ideally, the affiliates represent their interests in focus groups. Given the adhoc and voluntary nature of focus groups, minimal costs are associated with this activity.

#### *6.4.5 Finance and Management Committee*

The **Finance and Management Committee** would remain as it is and perform the functions outlined in the constitution. It is also incumbent upon this committee to hold regular meetings and to give adequate notice of meetings and to timeously send out its agendas.

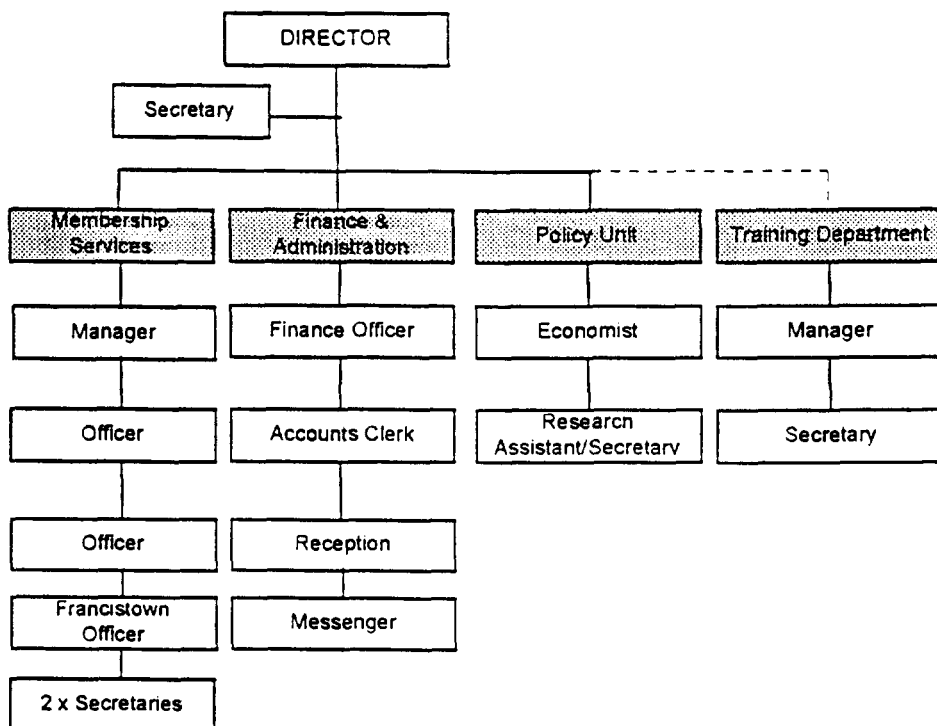
#### **6.5 Secretariat Structure**

The secretariat will downscale its activities and refashion its structure. It would consist of 14 staff members and would be headed by its **director** responsible for the overall administration, staff matters and public relations from a profile presence point of view. There will be three departments:

- **membership services** addressing the various membership services (including maintenance of a membership database), public relations, industrial relations and the co-ordination of various initiatives.
- **finance and administration** attending to financial management, collecting membership dues, producing monthly and annual financial statements, administering the office and monitoring the cost centres.
- **policy and advocacy** focusing on advocacy and developing policy position papers for the organisation as well as serving as a consultancy resource.

Figure 6.2 depicts the recommended secretariat structure under this option.

Figure 6.2: Recommended Secretariat Structure



#### 6.5.1 Membership Services Department

The membership services department would be headed by a membership services manager assisted by two officers and a secretary. The cost of such employment is estimated to be P190 000 per annum. In addition, the current Francistown employee and his secretary would report into this department.

The **B-Map activity** would cease to exist due to the losses incurred (P80 715) in the past year and due to logistical problems. All B-Map's training activities previously rendered by volunteer expertise would be absorbed by the training department as it is a logical clustering of expertise and processes. B-Map's membership-oriented services would be absorbed into the membership services department.

The **southern outreach office** which rendered membership services to small business and is involved in a whole host of activities and the **northern outreach office**, which has had

some successes despite an overall deficit of P72 000, would become part of the membership services department.

This structuring would improve communication and co-ordination and achieve enormous cost savings by bringing membership service activities all under one roof. To this end, industrial relations advice as a function would rest with this department, but no one person would be recruited to focus on this area.

Given the shift towards a greater focus on membership services, it is clear that appropriate resources be focused on this area as it is critical to the long term success of the organisation.

#### Small Business Development

The following recommendations are made:

- A partnership should be created between the government and the private sector to support small business. As an initiative Botswana should consider the development a Small Business Development Corporation. BOCCIM could serve as an advocate for this partnership and approaches would need to be made to government to convince them of this importance. An opportunity exists in the short term for government to consider funding BOCCIM's small business activities.
- SEPROT which is an umbrella organisation made up of representatives of thirty five small business organisations, and focuses on small business promotion and development, could affiliate with BOCCIM. Although currently funded by the Frederick Ebert Foundation from Germany, its resources are limited. It appears to have the ability to run and sustain itself. Its representative has indicated positive interest in affiliation to BOCCIM. This alliance could provide the necessary support to BOCCIM's small business thrust.
- Small business development is a favourite of a number of donors; hence, there may be scope for sourcing alternative (to USAID) funding for BOCCIM. Most of this funding is geared to development of policies on small business issues and promoting an enabling environment. Here the policy unit could exploit this situation.

## Public Relations

The **public relations department** would be subsumed into the membership services department as its activities revolve around and impact significantly on membership services.

We recommend that the broad role of a public relations officer, generally promoting the image of the organisation, be assumed by the Director, and that specific public relations activities be undertaken within the ambit of the membership services department.

Specific ideas to improve public relations activities include the following:

- The newsletter needs greater editorial content. In addition, it needs advertising not only to pay for its costs but to achieve a return. These two aspects are self-reinforcing. Consequently, greater focus needs to be placed on editorial content, covering aspects such as tax tips, business news, photographs and information that business (the readers) will find informative and interesting;
- Functions should have profitability as their primary goal. To this end, we recommend that a psychological shift be made in that functions which are currently budget driven should rather be profit driven. Interesting ideas to improve these functions and therefore attract a greater number of participants include ideas such as rewarding the most active sectors and/or branches in BOCCIM at the annual dinner. In addition, ties and cuff links could be sold as part of a general fund raising drive at these functions. Raffles and special draws could also be arranged to enhance revenues at these functions. Whilst these are only some ideas, they do indicate additional ways in which BOCCIM activities can be commercialised. Additional considerations are outlined in the following section; and
- We believe that BOCCIM's overall image building and development should form a key element of the Director's responsibilities. This person should attend appropriate functions, be quoted in the newspapers and be the figurehead of the organisation. Indeed, within the context of performance measurement, this should form a key measure of the Director's job performance.

Taking into account the new option and the need to develop alternative revenue sources, Table 6.1 contains recommendations for the membership services department in terms of services to be provided, the importance of these services, areas for improvement and cost and revenue implications of each service:

<b>Table 6.1: Recommended Membership Services</b>			
<b>Service</b>	<b>Level</b>	<b>Areas of Improvement</b>	<b>Cost and Revenue Implications</b>
1. Dinners and Conferences	Core	<p>These should be fund-raising efforts linked to benefiting members</p> <p>Monthly dinners for 'Businessmen/women of the month' should be held culminating in a 'Businessman/woman of the year' function at the Annual Conference</p> <p>Ad hoc 'keynote' speaker functions should be held with tables sold at a profit</p> <p>Current 'Annual Report' dinner needs to be reassessed in terms of generating revenue and its appeal to membership</p> <p>Members and their partners should pay a greatly reduced entrance fee</p> <p>Opportunities for exhibits at conferences should be encouraged to guarantee income</p>	<p>Dinner and conference budgets should be drawn up to reflect a minimum 10% return</p> <p>Innovative ways should be found to meet costs through marketing opportunities</p>

Service	Level	Areas of Improvement	Cost and Revenue Implications
2. Short Term Insurance	Peripheral	Needs to be presented in more marketable form as it is relatively inexpensive and sold to more than small business members Non-members should be attracted to membership by marketing this type of service The insurers should pay an annual corporate fee of, say P13500 (based on $\pm 900$ small businesses $\times$ P1500 $\times$ 1%), or pick up cost on an activity Data needs to be kept on members' utility of service	Additional revenue will flow from corporate fee which is allowing access to members, potential members and their relatives No additional costs involved but scheme can be marketed through utilisation of insurer's brochures at conferences, dinners and in newsletters Normal commission per policy sold to a member continues Insurer could optimise its cost by hosting a BOCCIM special function & market scheme.
3. Newsletters and Business Bulletins	Core	Members, especially corporate, should be encouraged to advertise by featuring profiles of their companies Regular member profiles should be included as well as up-coming events, topical issues and trade opportunities Should be vehicle to market members' services and benefits Effective link necessary with publishers of the newsletters so that control is not abused	Presently the newsletters are contracted out with BOCCIM getting a 25% commission without any costs involved - this should continue Additional revenue earned through BOCCIM's efforts needs to be negotiated with publishers.

Service	Level	Areas of Improvement	Cost and Revenue Implications
4. Small Business Assistance <ul style="list-style-type: none"> <li>• Flea market</li> <li>• Debt collection handbook</li> <li>• Pre-financing handbook</li> <li>• Small Business Week</li> </ul>	Core	<p>These services should continue with a profit motive in mind</p> <p>The flea market generates rentals for BOCCIM but membership is not sold to non-members. BOCCIM needs to add a surcharge for non-members thus enforcing membership</p> <p>The handbooks' marketing opportunity has not been quantified and in future such handbooks should be underwritten through advertising revenue or sponsored by companies in that particular field</p> <p>SBW is the best opportunity for BOCCIM to market itself through setting up a stall and generating income in a whole host of ways</p> <p>Consideration should be given to sub-contracting services since capacity would be a problem and an administration fee should be charged for co-ordination</p>	<p>The flea market rental should have a surcharge for non-members, say P5. The sale of handbooks has as yet not been quantified</p> <p>SBW should be budgeted to bring in a net return of 15% after deducting all costs</p>
5. Trade Fair	Core	Same as for Small Business Week	<p>The last trade fair was held over 3 days with 50 exhibitors and showed a positive cash flow excluding salaries of BOCCIM managers - the next one should ensure those salaries are covered or even compensated for by TIPA who are responsible for the Government's trade and promotion</p>

Table 6.2 describes the services which would be removed or redirected under the recommended new structure:

<b>Table 6.2: Existing Services Earmarked for Removal or Redirection</b>		
<b>Service</b>	<b>Recommendation</b>	<b>Cost and Revenue Implications</b>
1. Training Courses	Forms part of a separate entity independent of BOCCIM who will nevertheless continue to advocate and promote the courses, dependent on its sustainability	An administration fee is levied by BOCCIM for any work undertaken and a rebate on members using the service is given to BOCCIM Training costs and cost of scholarships fall away
2. Industrial Relations Assistance	This falls away as a separate department and is subsumed in membership services. BOCCIM will play an advocacy and advisory role through the sale of its handbook and referrals to its members in the field	A referral fee of say 5% should be paid for members utilising the service through established practitioners There is no need to employ an IR person. All membership services staff would have some degree of familiarity with the issues.
3. B-Map Counselling	Part of this function should be accommodated in the training entity (management training) and part through an advisory role (handbooks)	B-Map costs fall away Equipment utilised for other departments
4. Policy papers/advocacy on economic issues	ERU falls away and the economist be utilised in an advocacy supportive role	Economist can generate consultancy fees
5. WIBA	No need to have a special service for women in business - incorporate in advocacy function	Nil
6. Other Advertised Services	Form part of advocacy function	Nil

### New Services

Based on our benchmarking exercise, a number of new services could be considered by BOCCIM. These are outlined below in greater detail.



## *Core Services*

### **1. 'Smart' Card**

A smart card is similar to an ATM card or credit card, containing elements of all of them. A membership card is given to members when they renew their membership each year. Such a card should carry the member's specimen signature, a registration number and period of membership. In the case of businesses with more than one representative, additional cards should be issued at a nominal fee. The office develops a marketing brochure whereby special rates and discounts are negotiated with certain businesses of members and other suppliers that would benefit the members themselves. The organisation could also arrange to receive a percentage on certain services such as hotel accommodation at the annual conference. The cost of such a card is estimated at P15 each and, since the first card is issued free-of-charge, additional cards should be issued at say, P30 each. It is important that attempts are made to build up services and discounts that outweigh the cost of membership.

### **2. Directory**

Presently attempts are being made to solicit advertising and sell mailing lists for P300. A directory that is annually updated reflecting details of membership, a brief profile and carrying advertising space is an opportunity to market the members more widely, add integrity and professionalism in terms of their affiliation and generate revenue for BOCCIM. The downside is that others would abuse it for direct-mail marketing. It is, however, regular practice in most countries for such a directory being a core membership service.

### **3. Business Opportunity Centres**

Business Opportunity Centres, sometimes termed Incubation Offices, are ideal for linking with the regional business councils. Moreover, donors have taken a keen interest in such developments and a body such as Swedecorp has already expressed an interest in assisting

BOCCIM in this way for the next five years. Nevertheless, a business opportunity centre is an office that provides counselling on accounting business and trade matters as well as being an information outlet for the secretariat. A nominal fee is applied to certain services and non-members are levied at a higher rate. It could embrace an all-in secretarial service such as typing, photocopying, facsimile, telephone-answering for members without such facilities. It would need to sustain itself through such services but the initial set-up would require some financial support. As activity builds up, additional staffing may be required to meet demand.

#### **4. Trade Missions**

These create tremendous opportunities for members, but can also be extremely time-consuming for BOCCIM officers. BOCCIM should attempt to commercialise this activity thereby generating additional revenues. These missions are normally arranged at a subsidised rate through the Trade and Investment Promotion Agency (TIPA). The missions could be twofold - visitors to Botswana and visits to outside countries. BOCCIM would co-ordinate such missions through setting up appointments, arranging the itinerary and identifying niche markets thus broadening its network of contacts and winning the favour of Governments locally and abroad. Costs incurred by BOCCIM would need to be met by TIPA or by the participants themselves.

#### ***Peripheral Services***

##### **1. Sale Items**

There is a need to market point-of-sale items at every available opportunity. Items such as diaries, calendars, ties, cuff links and blazers are ideal revenue generators. The most ideal opportunities are at conferences and dinners.

## **2. Employee Benefits**

Setting up a medical aid fund for employees of members has proved to be lucrative for some organisations. Other similar schemes such as life assurance can also generate revenue.

## **3. Business Linkages**

A networking function to link businesses in terms of joint ventures, procurement and trade opportunities lends itself to increasing the organisation's profile and providing the opportunity to market itself thus encouraging greater membership.

All these membership services would amount to nought if they are not properly co-ordinated. A membership services department specially dedicated to address such services and to make them financially viable and sustainable would be critical.

### *6.5.2 Policy and Advocacy Unit*

#### Staffing

This department would be staffed by an economist and a research assistant. Total employment costs are presently P65 000 per annum. These costs would increase under this option.

#### Motivation

Of the benchmarked organisations, SACOB represents the best example of a membership-driven organisation with an effective policy and advocacy department which has made SACOB the oft-quoted and most visible of all private sector organisations on economic issues.

To this end, we would see this unit as being critical to the success of BOCCIM in its role in Botswana and it would be necessary to ensure that this unit is run by a senior BOCCIM employee. This recommendation does not include the disbanding of existing systems, rather that these systems are turned to the advantage of BOCCIM in a different area of focus.

The Policy Unit will strengthen the advocacy role which BOCCIM should be playing in Botswana. This unit would, rather than engage in primary data collection, establish strong linkages with bodies and organisations with whom it currently has duplication and overlaps, with a view towards sourcing appropriate data in support of policy formulation and advocacy development. Thus, universities, banks, the Bank of Botswana and other information sources, would be approached for regular and appropriate information relative to the issues which concern the BOCCIM membership. To this end, close links would also need to be established with the National Institute of Economic and Policy Research. A critical function of this important unit would be to liaise very closely with members, sectors and government during the process of developing policy positions. One of the standing Focus Groups attached to the Executive Council would be the Policy Group, which would provide the conduit for membership to influence BOCCIM's policy agenda.

The profile of the person to run the policy unit would be a senior person with an economics grounding who could contribute directly and in a proactive fashion to policy development and advocacy. The incumbent must be a 'self-starter' who can work independently, effectively using a large range of contacts and disparate information sources. In addition the secretary should be upgraded to a personal assistant capable of data entry and retrieval.

In the short term, we also recommend that ways are found to have the costs of this person covered by corporate or donor sponsorship. Alternatively, a corporate organisation would not be expected to pay its annual subscriptions in exchange for its full funding of the unit or it might be willing to fund the unit in the greater interests of private sector development.

### Functions

A number of functions are recommended for the effective deployment of the resources in this department as well as to approach financial sustainability:

- Support given to the focus groups in developing policy position papers as well as the unit drawing on such expertise for its own account;
- Relevant economic information, data and opinion incorporated into the speeches of heads of the organisation and affiliates;
- Contributions to the newsletter and inserts into the media representing a BOCCIM position;
- Conducting research for affiliates as well as for other bodies on a fee basis but with a clear understanding that the focus is on micro membership issues and not on general macro research;
- Providing consultancy services for a fee to institutions, forums and the government itself;
- Running a quarterly economic review and sourcing subscriptions and advertising for such review;
- Develops and maintains a record of pertinent demographic and economic data by leveraging off other data sources;
- Developing comparative analyses which can enable members to become more competitive;
- Maintaining close association with other Southern African counterparts in maintaining data for the region; and
- Participating in forums on key economic issues.

It would be important to balance advocacy-supported activities with financially-sustainable activities to achieve BOCCIM's goals and have visible impact in the Botswana environment as there could be budgetary constraints determining the scope of activity. To this end it is strongly suggested that corporate sponsorship, in lieu of annual subscriptions, is sought to cover the costs of this activity.

### *New Services*

Two potential advocacy-related activities are the 'Red Alert' and the 'Business Confidence Index'. Each plays a significant role in developing an organisation's profile.

Red Alert is a system whereby, when a nationally important topic is in the public domain and a fast and effective means is needed to let the organisation's view be heard in the most significant way, a one-page mandated proposal is prepared in clear and succinct terms and creating options necessitating merely a 'Yes' or a 'No' with an option to add an opposing view. The significance of this activity lies in getting a speedy response and having the results publicised quickly. It serves as a useful mandating tool, gives the organisation a greater profile, appeals to the membership and resolves tedious decision-making. Such exercises are widely supported by CIPE, a funder of BOCCIM activities in the past.

The Business Confidence Index is a private sector mouthpiece on the state of the economy. With an economist working on it and an established database, BOCCIM could be well-placed to develop such an Index in tandem with its membership such as the Bank of Botswana. It is normal for a corporate member to pick up the costs in lieu of membership in return for marketing exposure.

#### *6.5.3 Training Department Recommendations*

It was proposed in the commercialisation option that the **training department**, because of its donor dependency, be incorporated as a separate entity. It is the opinion of the consultancy that this activity is a core service of BOCCIM that cannot be easily wished away and it has given the organisation enormous credibility and visibility. It has been manned by capable staff and the amount of research and studies conducted by this department have been commendable. It has developed statistics in its publications which have proved to be of great importance, not only to BOCCIM, but to the general public. Faced with the uncertainty of its future sustainability and yet optimistic of its potential to develop into a very rewarding venture, it is recommended:

- That during the window period in which BPED will continue to subsidise BOCCIM activities, the organisation should increase its training rates to reflect commercial rates charged by external organisations. Current BOCCIM rates are some 10 to 15 times cheaper than the costs associated with the present courses;
- A differential rate should be investigated in terms of which larger organisations are charged more for courses than smaller organisations;

- The number of courses be reduced. High-demand courses such as management and supervisory courses would be continued, and others scrapped;
- That BOCCIM facilitate training activities rather than provide training itself and thus be required to create capacity within the department. To this end we recommend that external training bodies are contracted to deliver courses with BOCCIM taking a percentage of the rates earned per trainee. In this way BOCCIM will be collaborating with the private sector and not competing with it;
- That additional revenue sources be sought. In particular, that at least four conferences be held during 1995, in a joint venture arrangement with a professional conference organiser, on topics relevant to Botswana. In this way, the conference organiser would share in the profits of the conference, in exchange for access to BOCCIM members. The conference would be endorsed by BOCCIM and appropriate local and Southern African speakers would be arranged. We believe that this is a potentially lucrative activity and after four conferences, BOCCIM would be well placed to ascertain the viability of this activity. It will however be important to enter into a contractual agreement with appropriate conference organisers in order to protect the membership base, as this will be the only asset, together with the BOCCIM name, that the organisation will have. We do not believe that BOCCIM should develop the capacity within the organisation to plan and execute conferences on its own; and
- That, if after 1995 the training department is still proving to be unsustainable, it either be stopped as a BOCCIM activity, or it be established as a stand alone entity with the possibility of being amalgamated with other training entities that are dedicated to capacity building in Botswana.

Finally, the training market in Botswana is very competitive and success in this industry requires the presentation of unique courses by quality presenters at competitive prices. We question whether BOCCIM should be competing with its members in this field. In addition, there is a distinct point at which capacity building and small business development becomes a national, and hence government, responsibility and ceases to be a private sector responsibility with minimal funding. BOCCIM should enter into dialogue with government on this issue.

#### 6.5.4 Finance and Administration

This structure would reflect that outlined in the commercialisation option in section 5. The only additional recommendations, agreed to by the Reference Group, are that:

- there is no need for a fully qualified accountant to fulfill the role of manager; a corporate accountant from a member firm should be seconded to review BOCCIM's financials on a monthly basis;
- a financial officer should head the unit; and
- an accounts clerk would still be needed to assist the financial officer
- other staff would include the receptionist and messenger

#### 6.6 Membership Profile

Current membership according to the last available membership report at the 30 June 1994 was 1 237 and this was analysed as follows:

Total number of female employees	=	20 080	27.9%
Total number with male employees	=	52 129	72.1%
Total	=	<u>72 209</u>	<u>100%</u>
<u>Size of Businesses</u>			
Small	1 - 25	- 884	71.5%
Medium	25 - 100	- 239	19.3%
Large	101 -	- <u>114</u>	<u>9.2%</u>
		<u>1 237</u>	<u>100%</u>



Bobonong	-	2	Nata	-	1
Francistown	-	192	Orapa	-	5
Gaborone	-	704	Palapye	-	15
Gabane	-	5	Pitsane	-	1
Hukuntsi	-	1	Ramokgwebana	-	1
Jwaneng	-	4	Ramotswa	-	3
Kang	-	5	Sebina	-	1
Kanye	-	32	Sefophe	-	1
Kasane	-	18	S/Phikwe	-	43
Lehututu	-	1	Serowe	-	21
Letlhakane	-	1	Sowatown	-	1
Letlhakeng	-	1	Thamaga	-	3
Lobatse	-	35	Tlokweneng	-	7
Mabutsane	-	1	Tonota	-	1
Mahalapye	-	23	Tutume	-	1
Marapong	-	1	Tsabong	-	4
Maun	-	45	Werda	-	1
Mmadinare	-	1	Khakhea	-	1
Mochudi	-	15	RSA	-	6
Mogoditshane	-	16	USA	-	1
Molepolole	-	15			
Moshupa	-	1			

TOTAL = 1 237

This figure is estimated to represent 6% of the total number of businesses in the formal sector of Botswana. Under the recommended advocacy with commercialised membership services we believe that the membership profile will remain the same in terms of large, medium, and small business breakdown. We believe that BOCCIM is a mature organisation and that it is unlikely that significant new numbers of members will join the organisation, especially in a period of economic down turn. We believe that BOCCIM's goal should be to retain membership.

## 6.7 Corporate Objectives

There is a difference between corporate objectives and business and functional objectives. Corporate objectives are the organisation's medium and long term objectives. They should be the measure by which the performance of the Director of BOCCIM is measured on an

ongoing basis and form the framework within which he/she in turn measures the performance of subordinates.

Corporate objectives can be outlined in either financial or strategic performance terms. Achieving acceptable financial performance is critical to BOCCIM's survival. Achieving acceptable strategic performance is essential to sustaining the role which BOCCIM has set for itself.

These corporate objectives need to be cascaded down into the organisation. It is only when all employees within BOCCIM are held accountable for their unique set of objectives, aligned with and intended to meet the corporate objectives, that the organisation will begin to achieve the role and mission which have been defined.

The consultants believe that BOCCIM needs to focus attention and resources more on the things that need to be done in order to allow BOCCIM to survive as an organisation. It will take courage to implement the corporate objectives outlined in this document, and unrelenting and undistracted follow-through if the organisation is to achieve these objectives. To this end, it is important to note that people in organisations make strategy happen. But they will be unable to contribute if they do not know what is required. Whilst it is helpful to tell people what the organisation is trying to achieve, the most powerful technique to gain their commitment and buy-in is to involve them in the decision-making process. To this end we would recommend that the corporate strategies are cascaded down into the organisation by way of the formulation of functional and personal objectives to increase employee focus. In particular it is imperative that the objectives have detailed responsibilities and timing schedules by when action plans need to be executed.

Below, we list five corporate objectives which we believe are suitable for BOCCIM in a restructured role. These need however to be workshopped with staff in order to derive meaningful measures, responsibilities and action plans which will form the basis of re-writing Key Performance Areas and a performance management system.

*Corporate Objective Number One*

To Increase BOCCIM's Revenue Base

*Corporate Objective Number Two*

To Reduce BOCCIM's Current Cost Base

*Corporate Objective Number Three*

To build the capabilities of BOCCIM staff and improve overall staff productivity

*Corporate Objective Number Four*

To Improve Membership Services and Value for Money

*Corporate Objective Number Five*

To Strengthen BOCCIM's role as the Premier Private Sector Representative Body in Botswana, being the voice of business

Following adoption of the recommended option, BOCCIM should finalise its corporate objective and then assign responsibility accompanied by timetables.

## **6.8 Operating Budget**

### *6.8.1 Base Case Operating Budget*

Against the background of recommendations contained in this section, a "base case" operating budget was drawn up. This operating budget reflects the effects of cost reduction strategies and the resulting surplus/(deficit) which can be realistically expected. It excludes potential revenue to be realised from recommended additional activities. Table 6.3 below outlines the "base case" operating budget. Detailed assumptions and models are contained in Appendix 5.

**Table 6.3: Base Case Operating Budget: 1995**

<b>INCOME</b>	<b>Pula</b>
Subscriptions	759 000
Interest	110 000
Rental Income	14 400
Membership Services	310 765
<b>TOTAL INCOME</b>	<b>1 194 165</b>
 <b>EXPENDITURE</b>	
Retrenchment Costs	46 585
Salaries	618 000
Pensions	57 331
Medical Aid	47 437
Vehicles	44 214
Hotels, Meals and Airfares	29 606
Rent and Utilities	138 000
Audit Fees	3 000
Postage	8 923
Telephone	59 200
Stationary	22 414
Advertising	20 884
Subscriptions	6 600
Bank Charges	3 630
Entertainment	1 760
Repair and Maintenance	31 944
Security	5 720
Meetings	10 560
Publications	10 560
Depreciation	88 579
Printing	30 010
Consultancy	6 688
Insurance	8 184
Miscellaneous	11 000
<b>TOTAL EXPENDITURE</b>	<b>1 310 827</b>
 <b>SURPLUS/DEFICIT</b>	 <b>(116 662)</b>

NOTE: No allowance has been made for any further cost reduction to operating expenses. See Appendix 5 for further details

It can be seen that there is still a deficit of P116 662 which will arise given the withdrawal of donor funding and the implementation of cost reduction strategies.

#### *6.8.2 Revenue Generation Strategies*

This report has highlighted two ways in which revenue could be generated. The first, which is potentially not sustainable in the long term, is to source alternative donor funding. Clearly this is an option and the organisation should initiate discussions with appropriate agencies to secure funding. However, we believe that BOCCIM should guard against over-dependency on this source and that its key challenge in the future is to become financially self sustaining.

The second option therefore is to devise appropriate strategies around identified core and peripheral revenue generating activities to overcome the projected deficit. To this end, it is recommended that, as part of the consultancy's implementation assistance, appropriate strategies and budgets are determined.

### **6.9 Next Steps: Implementation Assistance**

The following sequential next steps are recommended as part of the consultancy's implementation assistance:

- That a two day workshop is held with BOCCIM secretariat staff and the consultants to cover the following topics:
  - a) Background and findings to the study
  - b) Agreeing the need to change
  - c) Defining the end state
  - d) Defining the corporate objectives for BOCCIM including measures, timing and responsibilities
  - e) Defining the values and behaviours required in BOCCIM to achieve the corporate objectives

- f) Cascading the corporate objectives into the three departments in order to determine what each department can contribute to their achievement
- That Key Performance Areas (KPA's) are determined by the consultants for each position and that the Director gains agreement and commitment to the KPA's by his staff
  - That a performance management system is drawn up in consultation with the Director and his immediate reports. The performance management system will have to support the corporate objectives and the action plans developed at the workshop
  - That the consultants will develop a Human Resource development plan identifying possible training courses to overcome skills gaps
  - That the consultants will assist the Chief Accountant to draw up a revised budget in the light of agreed activities and projected revenue accruing to BOCCIM.

# APPENDICES

**BOTSWANA CONFEDERATION OF COMMERCE INDUSTRY AND MANPOWER****ORGANISATION STRATEGY REVIEW****TERMS OF REFERENCE****BACKGROUND**

Over the past five years BOCCIM has experienced explosive growth in membership. This growth has in turn led to increased demands for membership services. The organisation and its members have benefited from donor assisted projects, and within the past 10 years there has been growth in BOCCIM regional business councils and the evolution of a sector based membership structure.

The organisation now wishes to evaluate the various strategic options open to it, to determine an appropriate strategic focus, and to ensure that its operating structure, policies, procedures and resources, are appropriate for the achievement of strategic goals, for the benefit of the BOCCIM membership. Financial sustainability in the medium and long terms is the overriding consideration.

**PROCESS**

BOCCIM seeks to appoint a consultancy to implement organisation strategy review. The objective of the review is to enable BOCCIM to further enhance its services to members and to further strengthen its position as the national representative body for Botswana's private sector.

The review will entail a critical evaluation of the organisation's strengths and weaknesses, opportunities and threats. Strategic options will be reviewed, the current resourcing of the organisation will be evaluated, and the policies and procedures currently in operation will be critically examined.

**TASKS**

Specific tasks include, but may not be limited to the following:

- Analysis of BOCCIM's environment, such as its competitors, sectorial constraints and initiatives as they affect the business community, and the broader socio-economic factors affecting BOCCIM's business environment;
- Review of the current and long-term strategic plans of BOCCIM and determine whether it adequately addresses the current and future operational requirements of the organization, particularly in light of the above analysis;



Review BOCCIM's organizational structure and determine whether it is appropriate in view of the organization's current and future operational requirements. Evaluate human resources, including the reporting structure, job evaluations, training needs and the current human resources development strategy. Identify responsibilities, redundancies and inefficiencies, and areas where organizational needs are not being addressed. Develop human resources plan, including job descriptions, staff training plan, and performance evaluation;

Review BOCCIM's financial structure and identify a financial strategy which strengthens the organization's financial position while keeping its mission statement;

Review BOCCIM contingency plans. In the event of a scale-break in activities, what constitutes BOCCIM's core membership functions and are they separable from donor assisted projects?

## PRODUCTS

The review will advise on the optimum strategic choice for the organisation. Arising out of the review the consultancy will provide BOCCIM with an operating plan expressed in financial terms. This plan will be the blueprint for the achievement of strategic goals and will be used in BOCCIM's internal monitoring and reporting system. This operating plan will be expressed in detail appropriate to relevant time horizons. The consultancy will design and install appropriate policies and procedures to facilitate the achievement of operating plans. Strategies and procedures to ensure that the organisation is appropriately resourced (in human and material terms) will be developed and recommended by the consultancy, and where appropriate the consultancy will implement or advise on the implementation of the strategies and procedures. The consultancy will, in particular, provide a human resource development plan for the organisation.

## QUALIFICATIONS

Proposals are invited from consultants with demonstrated relevant experience, preferably with membership funded organizations. Capability in strategic planning, organisational review, including systems, financial and human resources review are prerequisites. Reputation and experience in consulting in Botswana and/or the region is required.

Proposal should demonstrate understanding, capability and identify a thoughtful workplan as well as the tangible feasible outputs of the proposed review.

## LEVEL OF EFFORT

It is anticipated that this assignment will take approximately six(6) weeks to complete. BOCCIM would expect the consultancy to begin on or about August 11, 1994.

## Appendix 2

## Appendix 2

**BOCCIM**  
**INTERVIEW SCHEDULE**

<b>Internal</b>	
M Mbaakanyi M Chalwe D Malobe O Masire	E Dewah M Kaboeamodimo I Gabegwe Y Ndozi
<b>Policy Advisors</b>	
P Siwawa-Ndai W Meyer A Andrews	A McDermott B McConville
<b>Donors</b>	
USAID - M Musisi-Nkambwe Swedecorp - G Harryson	BPED - A Richwine UNDP - Rajbandari/Metee
<b>Competitors</b>	
BCCI - M Daya	SEPROT - M Hempl
<b>Government</b>	
Ministry of Commerce and Industry: G Motsemme (Deputy Permanent Sec.)	Ms T Moremi (Permanent Secretary) R Wolfe (Advisor)
<b>Parastatals</b>	
Bank of Botswana: L Clark/M Kgosi/M Pelaelo	B.D.C.: B Disele
<b>Associations</b>	
HATAB:	WIBA: E Radebe
<b>Big Business</b>	
Anglo American - J Murphy BP Botswana - D Moroka	Debswana - B Goalathe
<b>Small Business</b>	
L Tumaletse F Ferreira (Anglo's SBU)	Mrs F Liphuko L Buscher (Tswelelo)
<b>Executive</b>	
K Kgoroba - President N Kader - Treasurer	D Moroka - Vice President
<b>Other References</b>	
CIPE	I Hetherington
<b>Benchmarking</b>	
Nafcoc Sacob	NFIB

## Appendix 3

## LIST OF ATTENDEES AT THE WORKSHOP DATED

25 OCTOBER 1994

## NAME

Mr Mbaakanyi	Director
Mr E Dewah	Deputy
Mr M Chalwe	Accountant
Ms P Siwawa-Ndai	Policy Analyst
Ms O Masire	Training
Mr B Goalathe	Council
Mr A Jordan	Council
Mr H Hermanns	Council
Mr M Abkenari	Council
Mr N Kader	Council
Mr D Moroka	Vice President
Ms A Richwine	BPED
Ms M Musisi-Nkambre	USAID
Mr R Baum	USAID
Mr M Mothogae	Council

## LIST OF ATTENDEES AT THE WORKSHOP DATED

20, 21 AND 22 JANUARY 1995

IN FRANCISTOWN

## NAME

Mr Mbaakanyi	Director
Mr E Dewah	Deputy Director
Mr M Chalwe	Chief Accountant
Ms P Siwawa-Ndai	Policy Analyst
Ms A Richwine	BPED
Ms M Musisi-Nkamabwe	USAID
Mr A Jordan	Executive Council
Mr H Hermanns	Executive Council
Ms E Radebe	Executive Council
Mr J Murphy	Executive Council
Mr D Moroka	President
Mr A Dada	Executive Council
Mr I Ebrahim	Vice President
Mr M Mothogae	Executive Council
Mr B Blewett	Executive Council
Mr B McConville	Training Advisor
Mr W Meyer	Small Business Advisor
Ms A McDermott	Policy Advisor
Mr N Moleele	Field Officer
Mr T Egnor	Executive Council

## Appendix 4

## Appendix 4

Detailed Breakdown of financial Position without donor funds				
1994 Income statements summarised by cost center				
	Income		8 months	12 months
			(actual)	(extrapolated)
1)	<b>Head Office</b>			
	Subscriptions - Old		602235	650000
	Subscriptions - new		29934	44901
	Interest Income		65139	97709
	Rental Income		10584	15876
	Sundry income		1530	2295
	Private sector grant		9600	14400
			719022	825181
2)	<b>Public relations</b>			
	Advertising income		13023	19535
	Annual dinner income		140	35000
	Publications income		5621	8432
	Presidents forum		600	600
			19384	63567
3)	<b>Training</b>			
	Training fees		65355	98033
	Secretarial Seminar		79122	79122
	Consultancy		6600	9900
			151077	187055
4)	<b>B-MAP</b>			
	Private sector contribution		13000	19500
	Registration fees		950	1425
			13950	20925
5)	<b>South Outreach</b>			
	Trade fair		0	0
	Consultancy		0	0
	Flea market income		0	25000
	Insurance scheme		0	0
			0	25000
6)	<b>North Outreach</b>			
	Trade fair		167172	167172
	Consultancy		0	0
	Flea market income		0	0
	Insurance scheme		0	0
	Dinner profit		0	1000
			167172	168172
	<b>Total BOCCIM Income</b>		<b>1070605</b>	<b>1289900</b>



## Appendix 4

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Appendix 4

		8 months	12 months
		(actual)	(extrapolated)
3)	<b>Training</b>		
	Salaries	60912	91368
	Pensions	5917	8875.5
	Medical aid	6832	10248
	stationary	2000	3000
	Training expenses	556217	94557
	secretarial convention	36776	55164
	<b>Total trainig expenses</b>	<b>668654</b>	<b>263212.5</b>
4)	<b>B-Map expenses</b>		
	Salaries	40190	60285
	Pension	3934	5901
	medical aid	3840	5760
	vehicle cost	128	192
	Hotels & fares	1179	1768.5
	rent	8200	12300
	stationary	2000	3000
	telephone	8000	12000
	bank charges	289	433.5
	<b>Total B-map expenses</b>	<b>67760</b>	<b>101640</b>
5)	<b>South Outreach</b>		
	Salaries	27696	41544
	pension	1376	2064
	Medical aid	1000	1500
	Rent	7000	10500
	Stationary	2000	3000
	Telephone	8000	12000
	Sundry	600	900
	<b>Total South</b>	<b>47672</b>	<b>71508</b>
6)	<b>North Outreach</b>		
	Salaries	42024	63036
	Pension	4656	6984
	Medical Aid	2000	3000
	Hotels and fares	14569	21853.5
	rent	21000	31500
	Telephone	8000	12000
	Stationary	735	1102.5
	Trade fair	98551	98551
	Sundry	1400	2100
	Flea market	0	0
	<b>Total North Outreach</b>	<b>192935</b>	<b>240127</b>
	<b>TOTAL BOCCIM EXPENSES</b>	<b>1803700</b>	<b>1926926</b>

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Appendix 4

SUMMARY OF INCOME AND EXPENDITURE			
Income			
1	Total HO INCOME	825181	
2	Total PR INCOME	63567	
3	Total TRAINING INCOME	187055	
4	Total BMAP INCOME	20925	
5	Total South Region Income	25000	
6	Total North Region Income	168172	
	TOTAL BOCCIM INCOME	1289900	
Expenditure			
1	Total HO expenses	1158648	
2	Total PR expenses	91790.5	
3	Total TRAINING expenses	263212.5	
4	Total BMAP expenses	101640	
5	Total South Region expenses	71508	
6	Total North Region expenses	240127	
	TOTAL BOCCIM EXPENSES	1926926	
SURPLUS/DEFICIT			
1	HEAD OFFICE	-333467	
2	PRO	-28223.5	
3	TRAINING	-76157.5	
4	B-MAP	-80715	
5	SOUTH REGION	-46508	
6	NORTH OUTREACH	-71955	
	TOTAL SURPLUS/DEFICIT	-637026	

## Appendix 5

DRAFT FINANCIALS

BOCCIM STRATEGY REVIEW : BASE CASE FINANCIAL STATEMENTS					
INCOME	1995   1995 restated				
	000 ,P				
Subscriptions *	759,000	759,000			
Grants *	1,600,000	0			
Interest	110,000	110,000			
Rental Income	14,400	14,400			
Northern region	249,400	0			
Outreach/Bmap	243,000	0			
Public relations	109,000	0			
Policy unit	15,200	0			
Training	347,500	0			
Insurance	0	0			
Sundry	11,770	0			
Membership services	0	310,765	(see attached breakdown)		
<b>Total Income</b>	<b>3,459,270</b>	<b>1,194,165</b>			
EXPENDITURE					
Retrenchment costs	0	46,585			
Salaries	870,300	618,000			
Pensions	80,736	57,331			
Medical aid	66,803	47,437			
Vehicle costs	55,268	44,214 *			
Hotels, meals & fares	37,007	29,606 *			
Rent & Utilities	283,890	138,000			
Audit fees	30,000	3,000			
Postage	8,923	8,923			
Telephones	74,000	59,200 *			
Stationary	28,017	22,414 *			
Advertising	26,105	20,884 *			
Subscriptions	8,250	6,600 *			
Bank charges	6,050	3,630 *			
Entertainment	2,200	1,760 *			
Repair & Maintenance	39,930	31,944 *			
Security	7,150	5,720 *			
Meetings	13,200	10,560 *			
Publications	13,200	10,560 *			
Depreciation	110,724	88,579 *			
Printing	37,512	30,010 *			
Consultancy	8,360	6,688 *			
Insurance	10,230	8,184 *			
Trade fair	80,000	0			
Flea market	32,000	0			
Training Expenses	965,079	0			
Special seminars	49,000	0			
Secretarial Convention	70,700	0			
Annual Dinner	45,435	0			
Newsletter	16,200	0			
Miscell.	11,000	11,000			
<b>Total Expenditure</b>	<b>3,087,269</b>	<b>1,310,827</b>	<b>Key:</b>		
			* we have assumed		
<b>Core Surplus/(Deficit)</b>	<b>372,001</b>	<b>-116,662</b>	these expenses can be		
			reduced by 20 %.		

DRAFT FINANCIALS

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DRAFT FINANCIALS

Estimates of retrenchment costs.		
	Monthly sal.	Retr. package
1	1,601	4,366
2	1,898	5,176
3	450	1,227
4	380	1,036
5	2,910	7,936
6	6,300	17,182
7	3,542	9,660
	Total	46,585
The retrenchment package is based on one days salary for each month worked in 5 years.		
The formula is below:		
	Monthly sal.	X 60 months
	22 days	

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# DRAFT FINANCIALS

<b>Recommended Positions and approximate Gross salaries</b>						
1) Director	150,000					
2) Membership services Manager	95,000					
3) Finance Officer	60,000					
4) Policy/ Advocacy Coordinator	60,000					
5) Membership officer	40,000					
6) Membership officer	40,000					
7) Accounts assistant	30,000					
8) Membership services secretary	15,000					
9) Receptionist	15,000					
10) Driver/messenger	12,000					
11) Policy/ Advocacy Secretary	25,000					
12) Directors secretary	18,000					
13) North region manager	43,000					
14) North region sec./assistant	15,000					
<b>Total Salaries</b>	<b>618,000</b>					
NB. estimates are based on actual gross salaries from July to June 1994						